

# FINANCIAL TIMES

No. 26,951 Friday April 23 1976 \*10p



Business  
Germany?

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## STOCK MARKET SUMMARY

### BUSINESS

#### Equities

lose 14.4  
as gilts  
fall 1.78

● **EQUITIES**, after drifting lower, were marked down by 14.4 points, to 1,405.2.

● **GILTS** had their worst day for 17 months, with the FT Government Securities Index falling 1.78 to 61.46.

● **GOLD** was unchanged at \$127.1.

● **STERLING** lost 1.55 cents at \$1.8230 and its weighted depreciation widened to 37.4 (35.9) per cent. Dollar's narrowed to 1.54 (1.80) per cent.

● **WALL STREET** closed 3.31 lower at 1007.71, ending a four-day run of rises.

● **VOLKSWAGEN** Supervisory Board is expected today to approve plans to set up a car manufacturing plant in the U.S. Back and Page 22.

● **EBBW VALE** plant halted.

● **BRITISH STEEL'S** Unplate plant at Ebbw Vale has been halted by a strike of 900 craftsmen, and lay-offs among the 6,700 labour force could start at the weekend. Back Page.

● **RUBERY OWEN**, where a stoppage by 32 lorry-drivers has halted 3,000 Leyland workers idle, will put a return-to-work formula to the strikers today. Back Page.

● **NATIONAL COAL** Board paid £1.5m. to the Government for the cost of the ten-year coal expansion plan which will strain the industry's future finances. Page 11.

● **UNIT TRUST** sales in March, at £37.2m., were the highest since June, 1973. But repurchases, at £19.1m., were the highest since January, 1973. Page 11.

● **WOOL TEXTILE** industry's export earnings in the first two months of this year are some 10 per cent up on the same period in 1975. Page 4.

● **SIEMENS** of Munich denied it was about to take over the electric of Edmonton, but the companies are expected to sign a co-operation agreement by mid-summer. Page 8.

● **VICKERS** pre-tax profits improved by £3.2m. to £24.25m. in 1975 and Lord Robens, the chairman, says prospects for this year are good. Page 26 and Lex.

● **CADREY SCHWEPPE** taxable profits increased by 35 per cent, to £38.6m., with sales up 20 per cent, at £267m. Fiscal dividend of 1.5p is the maximum permitted after the rights issue. Page 25 and Lex.

● **AEI-TELEFUNKEN**, West Germany's second largest electrical concern and employer, made a loss in 1975 of DM106.8m. (£22.8m.), compared with a DM69.4m. loss in the previous year. Page 29.

● **INTERPUBLIC GROUP** of the U.S., the world's largest advertising agency, is making an application for a share quotation on the London Stock Exchange. Page 23.

● **Everest expedition** at Camp Three at 18,000 ft hopes to attempt to reach the summit in May.

### COMPANIES

Courtaulds	151	-5
EMI	248	-8
Faraday Electronics	91	-7
Finsons	357	-11
GEC	180	-7
GEI	111	-9
Grand Metropolitan	71	-3
GUS "A"	205	-12
Hawker Siddeley	393	-9
ICI	106	-7
Land Secs.	106	-7
Lombard	92	-5
Lucas Inds.	212	-18
MEPC	66	-7
Norris and Spencer	261	-14
Metals Box	230	-8
Nat. Westminster	243	-15
Pilkington	533	-10
Plessey	78	-5
Reed Int'l.	274	-8
Tate and Lyle	268	-7
Travellers Home	89	-7
Tube Inds.	372	-12

## Bank acts after new low of \$1.8070 • Chancellor's assurance on inflation policy

# Sharp fall in £ forces up MLR

BY ANTHONY HARRIS

THE BANK of England yesterday moved to arrest a further sharp decline in sterling, which at one point touched a new low against the dollar of \$1.8070—by forcing a rise in domestic interest rates. The discount houses were made to borrow substantially from the Bank for one week at the present Minimum Lending Rate of 9 per cent. This move is expected to raise MLR by a full percentage point at the Treasury Bill tender later today, and possibly by more.

Officials made it clear that the move was made "purely for external reasons," and it is hoped that it will be temporary. It produced an immediate recovery of 50 points in sterling which advanced further to close at \$1.8280, but threw London stock markets into confusion, with heavy falls in gilts and equities. Falls in gilts ranged from 24 points at the long end to exceptional 32 for the short "tap" issue. Treasury 91 per cent, 1981, the FT Government Securities Index fell 1.78 to 61.46, its sharpest fall for 17 months. The equity index dropped 14.4 points, wiping out much of the previous five-day rise which had carried the index to a 29-month high on Wednesday.

HOW THE POUND'S VALUE HAS FALLEN

£1 against	Nov. 17 1967 (pre-devaluation)	June 27 1972 (£ floated)	% change since Nov. '67	% change since June '72
U.S. \$	2.7825	2.50	-10.20	-26.30
Belgian Fr.	138.02	109.25	-20.10	-26.78
Dutch Fl.	9.99	7.92	-20.80	-37.98
French Fr.	12.6871	12.53	-1.20	-31.92
German DM	11.0587	7.89	-28.60	-41.19
Italian L.	1.7291	1.461	-15.50	-16.85
Japanese Yn.	1.0061	7.45	-8.60	-26.51
Swiss Fr.	12.00	9.33	-22.25	-50.43

foreign holders sell in the forward market. However, many market operators feel that a rise larger than this, adding perhaps two full points to MLR, would be required to carry psychological conviction. This would be required not only to make sterling technically attractive but to allay a continuing suspicion that the Government gives a higher priority to keeping domestic interest rates falling gently than to protecting the exchange rate. A rise of one percentage point might well leave bank base rates and lending rates unchanged, since these have not yet fully adjusted to money market rates, clearing bankers indicated yesterday. In the money markets, however, the immediate change in the Treasury Bill quotation to a yield range of 8-9 per cent, suggested a one point rise in minimum lending rate rather than any higher figure. Since the authorities see no reason at present to raise the domestic cost of credit, this figure, which might have no effect outside the financial markets, clearly has its attractions. Ministers—and notably the Prime Minister—are also aware that in the past some over-dramatic moves have been

## Slower rate of increase in U.K. unemployment

BY OUR ECONOMICS STAFF

UNEMPLOYMENT rose by 7,200 on a seasonally adjusted basis in the month to mid-April. This is slightly more than cancelled out the fall in the previous month, and means that the level has been virtually unchanged, with an increase of 0.1 per cent, since February.

The latest figures, while they come as a slight disappointment after the March improvement, appear to confirm that the rapid rise which persisted until January is largely over. The three-monthly average rise in unemployment, an indicator less liable to random fluctuations, has fallen from 40,000 monthly in January to 8,000 this month. The Department of Employment, which issued a warning that the March improvement might be erratic, regards the latest figures as consistent with the trend.

The number of unemployed in the U.K., excluding school-leavers, and seasonally adjusted, was 1,233,500, or 5.3 per cent, of all employees. The total number registered as out of work was 1,251,117.

It is clear that the improved trend, which has appeared earlier in the trade cycle than expected, is only partly due to an improvement in the demand for labour. The figures for unfilled vacancies registered with employment exchanges have risen every month this year; but the April rise, of only 2,000 on a seasonally adjusted basis, is again a fallback from March, and suggests only a slow improvement in the demand for jobs. The level of vacancies is normally considered a more reliable indicator of labour market trends than the unemployment figures, and its slow improvement is consistent with the relatively sluggish figures for output and retail demand.

The other major factor is the Government's programme of job protection and job creation. It now appears that this may have been responsible for nearly half

than the seasonal norm; and there was a rise of 2,417 in vacancies for young people notified to careers officers.

There was a fall of some 4,800 in the number of workers employed but temporarily stopped, reflecting moves towards settling disputes in the motor industry; the total on short time, including those temporarily stopped, is estimated to have fallen by 10,000 in March to a current level of 121,000, and much more sharply down from 187,000 in February.

These figures also confirm a picture of a steady but undramatic improvement in the shop-floor situation. Under 150,000 students were unemployed in the month, and during the vacation in April. These are no longer included in the general unemployment figures.

The regional figures show that Scotland suffered the worst setback in the motor industry; the rate of unemployment there has been affected by a slowdown in North Sea operations and the Chrysler redundancies. This was more than half the rate for the whole of the U.K., and the figures attracted unfavourable comment at the Scottish TUC meeting at Perth.

Unemployment on a seasonally adjusted basis also rose sharply in Wales, bringing the rate to 7 per cent, in the North and in the North West. The slow but persistent deterioration in the South-East continued, with a 1,100 rise to bring the rate in this traditionally high unemployment region to 8.9 per cent. Rising activity in the motor industry, however, contributed to a sharp improvement in the Midlands, where unemployment dropped by 2,500, to reduce the rate there by more than a full percentage point in the month.

The EEC rate Page 6  
The regional pattern, Page 11

## Vorster denies embargo on arms for Rhodesia

BY STEWART DALBY

MR. JOHN VORSTER, the South African Prime Minister, today denied reports that the Republic has halted military aid to neighbouring Rhodesia.

Speaking in Parliament in Cape Town, Mr. Vorster said in his first major foreign policy statement for some time, that he would not reveal what military aid South Africa had given to Rhodesia in the past or what it intended to provide the white minority Government.

Mr. Vorster was commenting on reports that South Africa had decided last month to cut off all military aid to Rhodesia and that this decision had been conveyed to Mr. Smith's Government. At that time Mr. Piet Van Der Byl, the Rhodesian Foreign and Defence Minister, had flown to South Africa allegedly on a private visit but, according to reports, to discuss with Government officials the question of military aid. The rebuff he was reported to have received here led him to go to Europe.

It is thought that Mr. Van Der Byl may have sounded out both the French and West German Governments on the question of arms supplies. In particular, it has been reported that Mr. Van Der Byl was interested in strike aircraft, including Mirage jets, as

well as light artillery and helicopter. Mr. Vorster's denial coupled with other references to Rhodesia later in his speech, indicated, according to informed observers, that there would be no immediate change in the Republic's policy.

"I wish to state once again for the record that we have never prescribed to Rhodesia what it should do or tried to twist their arms. South Africa's standpoint has always been that the Rhodesians must decide for themselves," Mr. Vorster affirmed his Government's policy that South Africa would not be party to border closures and byways against Rhodesia.

Mr. Vorster also repeated his view that Britain had a "special duty" to help resolve the Rhodesian dispute. Diplomatic sources felt that there could be something in the suggestion that South Africa has it impale jet fighters and also Mirage. But all this remains speculation.

Whether this decision to keep clear of Rhodesia in terms of personnel also extended to material and weapons is not clear, but sources today were inclined to take Mr. Vorster at his word.

Just what has been supplied is a closely guarded secret. It is known that when the South African paramilitary police were pulled out last year, 34 Alouette 711 helicopters were left behind, with South African pilots to fly them. These helicopters, it seems, are staying.

There have been various reports that South Africa has also supplied French-designed Panhard armoured cars, which the Republic makes under licence. It is on the point of giving it impale jet fighters and also Mirage. But all this remains speculation.

## £42.7m. rights issue by Lucas

BY TERRY WILKINSON

LUCAS INDUSTRIES, the vehicle and aircraft equipment group, is raising £42.7m. of new capital through a rights issue, one of the largest on record by an industrial company.

The operation brings the total amount of money raised by rights issues so far this year to £42.3m.; during 1975 rights issues reached a new peak figure of £1.2bn.

This move comes at a time when Lucas is engaged on a major expansion programme for the manufacture of diesel engines and equipment. In September 1975, the group outlined a five-year programme designed to double the world-wide production of CAV diesel fuel injection equipment. The initial stages of the plan, covering a period of two years, involve capital spending

of £35m. in the U.K. and £10m. overseas. Lucas now intends to step up this programme, to take advantage of the strong world demand for diesel engines which has developed since the oil crisis of 1973. The rights issue proceeds will also be directed towards a major re-equipment of the company's other manufacturing facilities.

The CAV diesel business accounts for one-fifth of Lucas Industries' group sales of £570m. in 1975 and supplies about 30 per cent of total world requirements for fuel injection equipment outside the Eastern bloc. While some 70 per cent of CAV's output is exported, the company also has major capacity increases on hand in France and Brazil.

Accompanying the rights issue is a forecast that group pre-tax profits for the year to July 31, 1976, will be not less than £46m., compared with £32.34m. in the previous year.

The rights issue at 188p is on the basis of one new ordinary share for every three ordinary shares or two redeemable Preference shares. Although the new shares are not eligible for the interim dividend payment of 1.5p, the company has received Treasury consent to pay a final dividend of 5.84p. The total dividend of 7.34p represents an increase of about 40 per cent on the previous year. The shares closed 18p lower last night at 212p.

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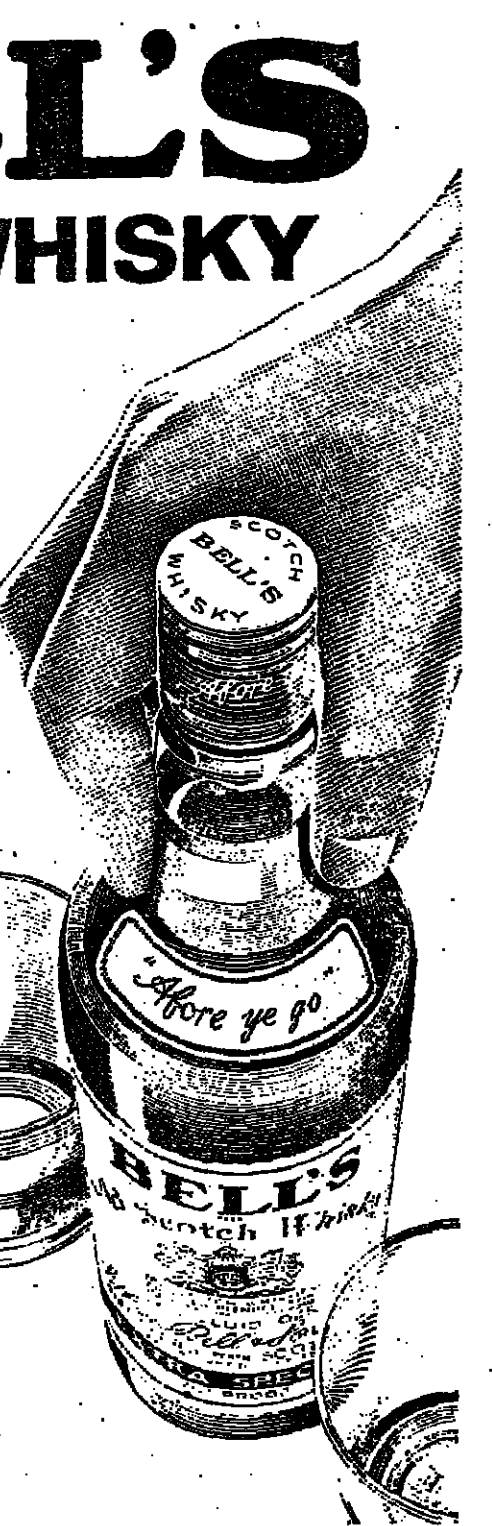
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# Helping hand for global inflation

BY C. GORDON TETHER

IT IS a pretty safe bet that, of all the forms of economic mismanagement that have landed the world in its present mess and—on present indications—are likely to keep it there, none is going to look quite so idiotic to the historians, when they come to sum up this inglorious phase in world affairs, as the campaign to discredit gold.

A week or two ago, I pointed to the way in which the big drive to undermine confidence in gold as a haven from currency unrest was exacerbating the unhappy consequences of that turbulence. This was by encouraging "junk money" to move into the safer currencies rather than into gold—as it might well have done in similar circumstances in the past—thereby helping to produce major changes in exchange rates for which there was no possible economic justification.

Now this misguided exercise seems to be playing a sizeable part in producing another distortion of the global economic picture that will be anything but helpful in getting the world back onto an even keel. Thus there are good reasons for thinking that the fast-developing movement of money into commodities reflects in no small degree the growth of the feeling that gold under a cloud and the more popular currencies becoming ridiculously expensive, it makes the utmost sense for those looking for security for their capital to pin their flag to run-of-the-mill commodities.

## New explosion

There is no difficulty in seeing what a baleful impact the resulting upsurge in food and raw material prices is likely to have on the wage-price spiral aspect of the global inflation problem. One of the main factors behind the great inflationary upsurge of the early-1970s was the commodity price explosion that preceded it. Now it looks very much as though a new explosion in this sector could help to fuel another such upsurge just when there seemed to be some hope of getting inflation rates—in the more important countries—at least down to manageable levels.

And it has to be remembered in this connection that a number of other factors which have recently appeared on the scene will be pulling in the same direction. One is the considerable upward pressure that is going to be exerted on the prices of raw materials by the advance in the cost of goods with a significant import content. As our Rome correspondent pointed out yesterday, the fall in the lira is now showing up in

appreciably higher domestic prices, raising the annual rate of advance in the cost-of-living index in March to 25 per cent—it had previously been all but brought down to single figures.

The fall in the £ is bound to have an appreciable effect of a similar kind here. And the same will be the case, in greater or lesser degree, in all the other countries that have already been forced to devalue their currencies or will soon have to do so to protect their markets against the competitive devaluations of others.

Needless to say, nothing is more likely to jeopardise the world-wide drive to encourage workers to collaborate in measures to halt the wage-price spiral than upward movements in prices over which Governments can exercise little or no control. And if recent events in the U.S. are any guide, this endeavour is also going to have to contend with a growing impatience with austerity among labour forces—an impatience which is tending to find expression in the argument that, if there is so much capacity unutilised, there must be more room for raising living standards than the policy makers admit.

## A boomerang

Thus contracts which provide for a substantial real terms increase in pay over a period of three years have recently been rejected by major unions in the U.S. and more deals of the same kind are evidently on the way.

With the steps to bring about a resumption of growth taken in a number of countries over the past year beginning to make their mark, the world was obviously destined to experience a resurgence of cost-push—inflation if not of demand-pull—inflation in the year ahead. It is irresponsible in the extreme for the price-setting countries to compound the problem by indulging in anti-gold excesses that serve no discernible useful purpose.

What makes it the more ridiculous is that such excesses are bound to boomerang in the longer run. For one thing that can be predicted with absolute certainty is that, if global inflation gets under way again, no amount of anti-gold propaganda is going to prevent a major new movement of funds out of paper money into gold developing. And on a scale moreover, that will make it quite impossible to stop the price of the metal rising well beyond the level at which it has recently been bogged down.

## RACING: BY DOMINIC WIGAN

# Jumping Hill for Sandown Cup

NOEL MURLESS and Lester Piggott, who have combined to land so many memorable victories since the war, look set to take to-day's Sandown Cup with Mr. George Pope Junior's *Jumping Hill*.

This powerfully-made grey son of Hilary was in particularly impressive form towards the end of last season. He defeated *Dance All Night* at York and finishing a neck second to *James John* at Haydock; and he ran off on his reappearance in Newmarket's Ladbroke Handicap recently.

Always at the head of affairs in the 11 miles Ladbroke Handicap, *Jumping Hill* looked likely to take a hand in the finish until fading close home to finish a close fourth behind those top-class performers *Chill The Kite*, *Dominion* and *Orange Bay*.

A tough front-running colt, who will be ideally suited by

**SANDOWN**  
2.00—Tantalus  
2.25—Easy Landing  
2.35—Jumping Hill  
2.35—Arnapah  
4.10—Maximova  
4.40—Bovelling Alley  
**THIRSK**  
2.00—Precious Image  
2.20—Tartan  
3.00—Palustris  
3.20—Picture Post  
4.00—Crisette  
4.30—Farbold  
**BANGOR**  
2.15—Donnybrook  
2.45—Dax's Birthday  
3.15—Zip Fastener

this 11 miles, *Jumping Hill* is taken to win at the expense of the lightly-raced *Adagio*, from Dick Hern's in-form *West Usley* establishment.

A second possible winner for Murless and Piggott is the much-

vaunted *Roscommon*, amongst the runners for the one mile Tudey Stakes.

Mr. Jim Joel's handsome Connacht colt ran prominently on his only race-course appearance when third of four behind *Rhodie Blake* in a maiden event at Newmarket's July meeting, and he has been giving every satisfaction in recent homework.

In an interesting race he is suggested as the principal threat to the more experienced *Arnapah*, an impressive winner of Newmarket's seven furlongs Rowley Stakes a fortnight ago.

At Thirsk, where it is a Racegoers Club Concession Day, the safest course may be to bank on Edward Hide. The North's leading rider has collected a highly promising collection of rides here and I shall be surprised if he fails to land at least two winners.

## SALE ROOM BY ANTONY THORNCROFT

# Macready silver makes £9,000

IN 1843 "the lovers of the National Drama," headed by the Duke of Cambridge, gave the actor William Charles Macready an enormous silver centrepiece in recognition of his "exertions to elevate the National Drama."

Yesterday the centrepiece, which originally cost about 500 gns., raised by subscription, was sold at Sotheby's Belgraveia auction room by descendants of the actor for £9,000—comfortably above the £3,000-£5,000 pre-sale forecast.

The buyer was anonymous, but the silver will stay in this country. It is a remarkable example of the early Victorian craze for silver centrepieces, and the price is an auction record for an item of Victorian silver.

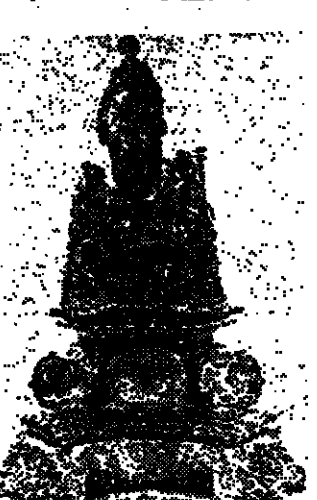
This is a market which has grown steadily in appreciation in recent years. A decade ago it is quite possible that even such an important object as the Macready testimonial would have been melted down for its metal value. Now there is some appreciation for the design.

The centrepiece is over 30 inches high, weighs over 641 ozs., and was made in the workshop of Benjamin Smith II. It was one of the features of the 1851 Great Exhibition.

Its appeal yesterday was not an isolated example. Another centrepiece of 1840, showing "Arabs of the desert tracking travellers by their footmarks in the sand," was sold for £4,400

to Gay Antiques—more than double the estimate. This group was made by Robert Garrard II and presented by Napoleon III to the Junior Services Club.

The entire sale did very well, totalling £77,977, a record for a Belgraveia sale. Only 2.87 per cent. was unsold.



The Macready Testimonial: record auction price

Other good prices were the £3,400 from Kuros for a massive German painted and oxidised silver gift casket of around 1875; £2,600 for a very large silver mounted ivory casket, prob-

ably German 1860; and £2,500 for a Boucheron gold and enamel miniature striking carriage clock of 1890. A 10 per cent. buyer's premium should be added to all prices.

Bonham's furniture sale realised £49,880. A silk Khotan carpet went for £2,800, a George I walnut bureau for £1,700, and a small George III mahogany bookcase for the same price.

A picture sale added £17,831, with a top price of £850 for a picture of a mail coach on Newmarket Heath from the school of Pollard.

Last night's grand occasion at the Marion House, organised with Sotheby's to raise money for the Royal Shakespeare Theatre Centennial Appeal, added £9,400 to the fund, which was later increased to £10,000, almost double the expectation.

A George III silver cup and cover, contributed by the Queen, went for £2,200—against a £250 estimate—and a vase and cover in Coalport china given by Mr. Harold Wilson, the former Prime Minister, was bought for £550 (£300-£400 forecast).

At Sotheby's Chancery Lane rooms a book sale brought in £24,055 on its first day against an estimate of £15,000. Only three lots were unsold.

Top price was the £2,100 for the eleven volumes of the George Sumoripolopoulos collection catalogue, Martin's history of Oriental Carve's before 1900, published in 1906-08, went for £1,500 against the £250-£300 estimate.

## TV Radio

+ Indicates programme in black and white.

### BBC 1

7.05 a.m. Open University (UHF only). 9.55 The Wombles. 10.00 The Banana Splits in Hocus Pocus Park (cartoons). 10.40 Gilbert (story of a shire horse). 12.45 p.m. News. 1.00 Pebble Mill including Dig This. 1.45 In the Town. 3.10 Pobel y Cwm. 3.40 The Sky at Night. 3.58 Regional News (except London). 4.00 Play School. 4.25 Deputy Dawg. 4.30

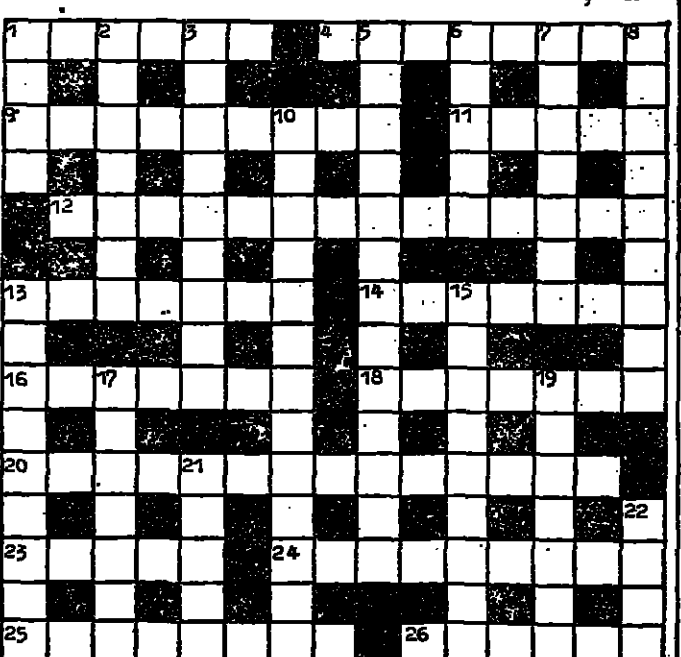
Jackanory. 4.45 Right Charlie. 5.10 The Carpet Weaver of Samarkand. 5.40 Magic Roundabout. 5.45 News. 6.00 Nationwide. 6.45 Sportswide. 7.00 The Wonderful World of Disney. 7.15 The East of Yorkshire. 8.30 Woodhouse Playhouse. 9.00 News. 9.25 Starsky and Hutch. 10.35 To-night. 11.05 A Secret England.

11.55 Weather/Regional News. 11.57 Come Dancing. All regions as BBC 1 except at the following times: Wales—12.00 a.m. Tredwt. 6.00-7.00 Wales To-day. 7.00-7.15 Heddidi. 7.15-7.45 Sianel 5. 10.35-11.05 Kane on Friday. 11.05-11.35 Poems and Fables. 11.35-11.57 News for Wales. 12.00 a.m. Scotland—6.00-7.00 p.m. Reporting Scotland including 6.20-6.35 Scottish TUC Report. 7.00-7.15 Cartoons. 7.15-7.45 Fife Foot Programme. 8.30-9.00 Current Account. 11.05-11.35 Scope. 11.35-11.57 News for Scotland.

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## F.T. CROSSWORD PUZZLE No. 3,061



- ACROSS**
- Intend to draw a sketch (6)
  - Hastened and made a hole in the vessel (8)
  - En route but intrinsig (7)
  - Light purchases? No, nothing but looking! (6, 8)
  - Bird limb on wind instrument (7)
  - Fruit men start tasting — it's a fabrication (7)
  - Name wrongly English and French male titles (7)
  - Scarled — e.g. world scarled? (7)
  - Royal offspring marching out of step or girl taking boy on stage (6, 8)
  - Banter us in return — that's sweet (5)
  - Mined tiny mixture for compensation (9)
  - Flower of course with vegetable (5, 3)
  - Armoured man seen on board (6)
- DOWN**
- Dip right inside a spot of liquid (4)
  - Going down like jelly (7)
  - Ostentatious old lady has dose about one (9)
  - Find asleep on the job or become infected by custodian (5, 3, 5)
  - and in addition find child out of bed (3, 2)

- 7 Race I follow in lace network (7)**
- 8 Nimble in action and well-pleased (9)**
- 10 Equipment for farmer or tailor we hear (6, 7)**
- 11 The French politician despatches light standards (9)**
- 12 Prepares for office being one with a role in an amalgamation (9)**
- 13 Hair-style often seen on the beach (7)**
- 14 Coming to earth between flights (7)**
- 15 Vicar attempts concealing weight... (5)**
- 16 ...and Percy Street hides bag of morbid matter (4)**

Solution to Puzzle No. 3,060

**WRESTLING MATCH**  
C U E O E I A  
R U N I N R E G I S T A R  
O U G U S C D  
G H E A P E N S E E T H S  
U R E A S E  
N O T T O U N  
S I G H T L E S S T O N I C  
L I F T O F F N A T U R A L  
V L T A A O V  
E V O C A T I O N P L A T E  
N O T I T I T I R  
T U R N O F T H E S C R E W

## TV Radio

+ Indicates programme in black and white.

### BBC 1

7.05 a.m. Open University (UHF only). 9.55 The Wombles. 10.00 The Banana Splits in Hocus Pocus Park (cartoons). 10.40 Gilbert (story of a shire horse). 12.45 p.m. News. 1.00 Pebble Mill including Dig This. 1.45 In the Town. 3.10 Pobel y Cwm. 3.40 The Sky at Night. 3.58 Regional News (except London). 4.00 Play School. 4.25 Deputy Dawg. 4.30

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This announcement appears as a matter of record only.

# U.S. \$32,000,000

## Mineração Rio Do Norte, S

### Ten Year Project Financing.

Relating to a portion of the financing of the development of the Trom Bauxite Project in the State of Para, Brazil

Managed and Arranged by  
**Irving Trust Company**  
and Provided by  
**Irving Trust Company**

Toronto-Dominion Bank The Bank of Nova Scotia Inter Limited  
Chemical Bank International Commerce Limited  
Amsterdam-Rotterdam Bank N.V. Banco do Brasil-Sa Fr Agency

Agent  
**Irving Trust Company** **A Charter**  
**New York Bank**

April 14, 1976

This announcement appears as a matter of record only.

# U.S. \$19,800,000

## Mineração Rio Do Norte, S

### Export Credit

Relating to the purchase of U.S. goods and services in connection with financing of the development of the Trombetas Bauxite Project in the State of Para, Brazil

Companies Participating in the Project  
**Companhia Vale do Rio Doce**  
**Alcan Aluminium Limited**  
**Companhia Brasileira de Alumínio**  
**Reynolds Metals Company**  
**Instituto Nacional de Industria**  
**A/S Aardal og Sunddal Verk**  
**Norsk Hydro a.s.**  
**Billiton B.V.**  
**The Rio Tinto-Zinc Corporation Limited**

# U.S. \$9,900,000

Provided by

**Export-Import Bank of the United States**

# U.S. \$9,900,000

Provided by

**Irving Trust Company**  
**The Cleveland Trust Company**

Agent  
**Irving Trust Company** **A Charter**  
**New York Bank**

April 14, 1976

# Glenlivet

Distillers, blenders and bottlers of Scotch V  
Iain Tennant, Chairman of The Glenlivet Distill, made the following points in his statement for the year to 31st December, 1975.

- 1975 has been a year of general consolidation, three years of heavy investment in our distilling and bottling plant and in the two plants of which we own a considerable share.
- Now we must go out and sell, especially as we have never sold before, not only for the Company but also for this country which the foreign currency it can earn. Accordingly effort in 1976 will be one of improving and marketing and sales operations.
- The Company's long-term future looks good, profitability should increase as conditions improve.

Year to  
31.12.75  
£2,183,000  
3.60p

## The Glenlivet Distillers Limited

A copy of The Glenlivet's Report and Accounts can be obtained from the Secretary, 45 Frederick Street, Edinburgh







This announcement appears as a matter of record only.



## CORPORACION AZUCARERA LA VICTORIA

US \$18,960,000  
Medium Term Financing

Guaranteed by

### THE REPUBLIC OF PANAMA

Managed by

WELLS FARGO BANK N.A.  
MERRILL LYNCH INTERNATIONAL BANK LIMITED  
WESTERN AMERICAN BANK (EUROPE) LIMITED

and provided by

Wells Fargo Bank N.A.  
Merrill Lynch International Bank Limited  
Western American Bank (Europe) Limited  
Banque Canadienne Nationale  
Swiss Bank Corporation (Overseas) S.A. Panama  
California First Bank  
Mercantile Trust Company N.A.  
California Canadian Bank  
Banco Real S.A. — Panama Branch

Funds also provided by  
Private Export Funding Corporation  
Export-Import Bank of the United States

Agent Bank

Wells Fargo Bank N.A.



## WORLD TRADE NEWS

### Izmir agreement signed

By Media Munk

ANKARA, April 22

TURKEY, Iran and Pakistan this evening completed their summit here with an ambitious declaration to "increase their co-operation in all fields." This includes the setting up of a free trade area between them through gradual reduction of tariffs within ten years.

The declaration said that the Shah of Iran, President Khorramshahr of Turkey, and Prime Minister Bhutto of Pakistan have decided to re-define and place on a legal basis the regional co-operation for development (RCD). RCD was established 12 years ago but has been very unimpressive as an economic alliance.

To redress this situation the three leaders have taken a number of decisions which observers consider to be unrealistically ambitious in view of the underdeveloped economies of the three member states.

No doubt, the most dramatic decision was the decision to sign an agreement, to be called the Izmir Treaty, which would "embody the RCD's aims, modes of operation and organisational structures in the light of the new regional requirements." Appropriate measures would be taken towards the establishment of an RCD free trade area through gradual elimination of tariffs under a protocol on trade within ten years. An RCD investment bank will be established, the protocol said, "initiating, promoting and financing projects of a regional character."

Other points of agreement in the protocol were: establishing close contacts among planning and financial authorities; taking immediate measures to promote industrial co-operation and establish viable projects on a regional basis; encouraging banks to extend greater credit facilities to the exporters of the other member countries; improvement of telecommunications; giving priority to the construction and improvement of RCD highway and railways linking the three countries; forming an RCD shipping company; and reconstructing the RCD secretariat to cope with the proposed expansion and intensification of its activities.

## British wool textile exports show 14% rise

By RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S wool textile industry is now showing signs of climbing out of the recession with export earnings in the first two months of this year some 14 per cent up on the same period last year.

Figures published by the industry yesterday indicate that the improvement is beginning with the first stages in the processing chain, as might be expected, with sales abroad of raw wool yarns, and tops (combed wool) up in value and volume this year.

Total exports in February came to £20.4m, a rise of 14.2 per cent on January and 13.6 per cent on February last year. Exports of yarns rose by 24 per cent to £6.8m, with volume rising by 21 per cent, and raw wool shipments abroad were up 47 per cent to £5.6m—a rise of 14 per cent in volume. Earnings from tops doubled to £5.5m, and were up 62 per cent in volume.

But while there are signs that processors abroad are beginning to increase their activity, exports of finished cloth—the biggest element in sales abroad—remain depressed. Cloth exports in the first two months of the year were down by 22 per cent, at

£12.2m, and down some 24 per cent in volume compared with the same period last year.

Sales of cloth in woolen and worsted form were down in all the major markets including Japan, the industry's biggest market in recent years and in the Middle East, a strong growth area over the past year. In February Japan took only 123,000 square metres of U.K. worsted cloth compared with 279,000 square metres in 1975. Worst exports to the Middle East fell from 593,000 square metres in February last year to 366,000 square metres and sales to Australia and New Zealand were also down from 153,000 square metres to 62,000 square metres.

Sales in Europe have fallen much less severely with exports of woollens at 1.5m square metres down from 1.8m square metres in February last year and sales of worsteds down from 584,000 square metres to 524,000 square metres. Exports to the United States of woollens and worsteds were both up in February compared with the same month last year, reflecting the improvement in textiles demand in the U.S.

The wool textile industry

remains critical of the tariff restrictions which it claims it from achieving cloth sales market. Mr. F. E. Viorin, in a letter to the British Wool Export Board, claims the U.S. are not meeting demand for woolen and worsted suppliers, how much a duty per pound of valorem to on the wool. The wool also recently for a reduction in South America warning was Zealand's Mr. Robert Muid visit to Br restrictions country's wool U.K. wool U.K. sales in declined from 700,000 kilos position of 20 years ago square metre kilos of yarn

### Increase in pottery exports

By Our Own Correspondent

THE POTTERY industry, which last year just failed to reach £100m. worth of exports, looks like exceeding this by an appreciable margin in 1976. In the first two months, exports of tableware, ornaments, tiles, sanitaryware, electro-ceramics were nearly £1m. up on the corresponding period of last year.

The biggest improvement was registered by electro-ceramics makers, who doubled shipments to more than £1.6m, helping to offset declines in exports of sanitaryware and non-refractory glazed tiles.

The tableware sector achieved £4.4m. worth of china ware sales overseas, an increase of more than £250,000, while earthenware sales were practically unchanged at just over £7m.

The British Ceramic Manufacturers' Federation, through its President, Mr. Peter Williams, has strongly criticised many aspects of the Select Committee report on the purchase of German china tableware for the Commons refreshment department.

Mr. Williams called the report "unsatisfactory and omitting important factors."

### Polish- Soviet trade up

By Paul Lendvai

VIENNA, April 22

SOVIET FUEL and raw material deliveries help to protect Poland from world recession and inflation and economic sectors fully confirm the advantages of specialisation and co-operation between the branches of Polish and Soviet industries. This is claimed by Polish Vice-Premier Kazimierz Oszevski in an article published in the latest issue of Nowe Drogi, the theoretical monthly.

The development of economic integration is reflected in the rising share of machines, equipment and complete industrial plants in bilateral trade. Their share rose from 33.8 per cent in 1971-75 to 61 per cent of the Polish exports during the current five year plan, while the comparative figures for Soviet shipments to Poland also show a rise from 36 per cent to 51 per cent during the same period.

Mr. Oszevski reveals that during the 1971-75 period Polish-Soviet trade at constant prices reached roubles 16bn., a 25 per cent rise over the provisions of the trade agreement and an 80 per cent increase on turnover during the previous five year period.

### Brazil shoe Euro

By David V

RIO DE JANEIRO

BRAZIL to make a Britain following by the market—dancers in compe(Udo)

Shoemakers Brazil, who sent four to the measures their U.S. few years, major U.S. exports as tried. Brazil already 300,000 shoes against the shoe trade in the U.S. around \$20

U.K. car sales to the booming UAE have been disappointing. Kathleen Bishtawi rep Dubai on some aspects of this fall.

## Dreams turn to

THE CAR BUSINESS in the United Arab Emirates is a dealer's dream. The booming UAE has produced a seemingly unquenchable thirst for sophisticated consumer goods, and nowhere is it more apparent than in the demand for cars and trucks. UAE nationals and residents are buying anything from small family saloons, pickups, trailers and jeeps to 12-ton trucks.

What then are the chances for British Leyland of creaming its share for British industry now that it has been taken off the Arab boycott list? As one dealer in Dubai put it, they have been absent too long, and during their six-year boycott, the Japanese have been cashing in like mad. In Dubai, 60 per cent of all the cars sold are Datsuns, and with Mazda, Toyota, Honda and so on, the Japanese now claim 70 per cent of all car sales in the Emirates. In Abu Dhabi it is virtually the same picture, though the Arab's traditional love affair with Mercedes still continues amongst the citizens of the richest Emirate in the UAE.

In the Datsun and Mazda showrooms, customers queue up to buy brand new cars. The Datsun general manager, Mr. Kenneth Dowling, comments, "It's like a pantomime this business. In 1969, we sold 240 cars, last year it was 5,500, and this year it is expected to be more than 7,000—that's more than 50 a day. Our only problem is the actual selling—we can't get the customers to stay in the showroom long enough to pick up the receipt. They come in and throw their money down and want to drive away with a new car immediately. Some of them don't even order a car and then send their servant to pick it up."

Such dream sales are made to the rich Arab merchants of the Emirates, but the cars that are selling like hot cakes are small family saloons. More than half of the cars sold in Dubai are on hire purchase, mainly through the Middle East Finance Company, a

subsidiary of the British Bank of the Middle East. This credit facility has created a tremendous demand from the Emirates. Rovers a year ago, from the with them, British car in Government departments and local businesses.

The secret of the Japanese success, and indeed a golden rule for all car sales in the Gulf, is stressed. "A that manufacturers keep their dealers well stocked with spare parts. Heat and humidity and reckless driving necessitate a problem on good maintenance set up, and worse in the Datsun keep a permanent spare parts stock worth more than countries, su Dirhams5m.

For Britis the highly ex ket which is by the Japan here, belts must be addi special consi Air conditi radio is a : stant sophis : provy diffi : shallow sanc here. Sophi : engineering by sophist These two helped Jagan

Running Overheatin anical probl UAE estimat here is about only if it i Car salesme convincing t to run in th first get the them regular the hat dealer said. But until i general, upsu. the UAE coar will queu. e must come t of years or s ese car deal British Leyla it altogether.

Looking at an empty showroom the agent said he had been waiting for supplies for two months now. A solitary demonstration Rolls-Royce stood in the vacant display window. The boy's liking for the sturdy Land Rover was not shared by the Range Rover being arded by the Japanese. "If someone came in now and asked me for a Range Rover, I would have to tell him to wait for two months. It's just as likely that he won't want to wait, and will go around the corner to Toyota where he can get a similar thing, with air conditioning for less money."

Few of the British Leyland Land Rovers coming to the Gulf are equipped with air conditioning. The agent has to instal American made AC units in to each new vehicle. This increases the price by Dirhams 3,000 (£400) to Dirhams 51,000 (£6,900). Toyota are selling a

# BOWATER '75

"...strength...  
through world-wide spread of operations..."

Lord Eroll of Hale

The strength of Bowaters through its world-wide spread of operations, assets and management expertise, which I emphasised last year, stood us in good stead in the difficult conditions of 1975. Profits from our activities in North America were more than maintained while the recession in trade in many countries resulted overall in lower profits. Moreover, the prevailing strength of the United States dollar relative to the pound gave the North American earnings added value when converted into sterling.

**Liquidity and Borrowings** Husbanding of liquid resources remains a priority task, even over profit growth. I am pleased to report that after meeting some £40 million of capital expenditure in 1975 this did not result in a material increase in our dependence on outside financing despite a further period of rapid inflation. During 1975 we took the opportunity of raising some £22 million by way of a rights issue to help to fund our investment programme in the United Kingdom and our projected working capital needs, to reduce indebtedness and to increase the equity base of the Organisation as a whole.

**Our Strategy** In the changing world of 1975 we reappraised our objectives and initiated moves to implement the decisions we then made. We are concentrating our business over the five areas mentioned briefly below where our strategy is to be in manufacturing industries based upon the conversion of forest products, in international trading and in transportation, together with such other activities which, both managerially and geographically, fit in with this pattern. It is in these interests that we shall seek to expand in the medium and longer term.

**United Kingdom Industrial** After the improvement in profitability in the previous year, our paper company in this country suffered from the general economic downturn and operated substantially below capacity. Although the company retained its market share, it was not possible to adjust selling prices to recover fully the cost increases which were sustained.

The de-stocking on the part of our packaging customers continued to affect our Packaging group, although there were clear indications that this process was completed during the last quarter of the year. However, record sales and profits were achieved by the Furniture group, which experienced buoyant market conditions in 1975. Our order books were full and have continued to be so in the opening months of the current year.

The depressed conditions in the building industry continued throughout 1975 and our Building Products group again operated at an overall loss. Although the recent governmental control of local authorities' spending militates against an early improvement the steps which we have taken to rationalise our production have prepared us to take advantage of greater activity in private enterprise housebuilding which surely must, soon occur.

**International Trading** It was another mixed year for commodity trading. Extremely dull conditions in the metals, rubber and hard fibres markets made it difficult to generate sufficient business to cover related operating expenses. However, there was another excellent year of trading in raw cotton. Many of the Bowater manufacturing companies increasingly have been looking towards new markets overseas for their products. It was therefore decided to make fuller use of the skills and contacts of our international trading organisation to develop exports on a wider scale. The first step has been the formation of Bowater Arabia Limited to develop Bowater sales throughout the Arab Middle East.

**North America** Once again, by far the greater part of our total earnings for the year was derived from North America, where our largest pulp and paper operations are concentrated. In terms of sterling, our total pre-tax profit in that continent was some 28 per cent above that for 1974 and the proportion which these earnings represent of the total for the whole Organisation is markedly up.

**Europe** In 1975 we had to face difficult structural and operating problems throughout Europe. Major proposals were formulated in 1975 for dealing with this situation and following completion of these steps, I believe that your Corporation will be in a position to develop its continental European interests on a logical basis.

**Australia, New Zealand and Far East** In Australia, the Escor group of companies, in which we have a 45 per cent interest, returned to profitable trading in the second six months and also improved its liquidity. The total cost of central borrowings continued to offset the individually good results of the operating companies in the Far East.

**Partnership Interests** Bowater-Scott Corporation Limited, United Kingdom, despite substantially increased output and turnover recorded lower profit than in 1974, although there was an improvement in the latter part of the year. Bowater-Scott Australia Limited had an exceptionally good year, despite difficult trading conditions, and achieved increased sales and earnings.

**The Future** The year 1976, in particular the early months, will still pose problems for us but there are now real indications of improving economic conditions in most areas of the world. These conditions can be expected to result in an increasing demand for our products and the opportunity to improve operating margins.

**Newsprint consumption** in the United States is forecast to be some five per cent higher than for 1975. There are now also indications of improving demand for some of our paper and packaging products in the United Kingdom, our furniture businesses continue to experience a period of sustained demand and the outlook for our commodity and other trading activities is encouraging.

Eroll of Hale, Chairman  
2nd April 1976

	1975 £m	1974 £m
<b>SALES</b>	1,107.3	1,194.3
<b>PROFIT BEFORE TAX</b>		
Paper and pulp	47.4	53.3
Packaging	5.2	7.3
Building products, lumber, furniture, carpets	(3.1)	(1.4)
Tissue products	6.1	6.5
International trading and transportation	2.1	3.7
Retailing and wholesaling	1.2	0.4
Financial	(0.9)	(6.8)
	58.0	63.0
Less: unallocated interest and central costs	6.3	7.1
<b>CONSOLIDATED PROFIT</b>	51.7	55.9
Share of profit of associated companies	1.2	3.6
<b>PROFIT BEFORE TAXATION</b>	52.9	59.5
<b>PROFIT BEFORE EXTRAORDINARY ITEMS*</b>	17.7	22.5
Earnings per ordinary share*	15.3p	21.0p

\* Profit before extraordinary items and earnings per share have been calculated before charging uncovered corporation tax of £5.8m (£3.0p per share).



The Annual Report has already been posted to shareholders. Copies are available from The Secretary,  
The Bowater Corporation Limited  
Bowater House, Knightsbridge, London SW1X 7LA

THE FINANCIAL TIMES, published daily except Sundays and public holidays. U.S. subscribers: \$167.50 per annum (including postage) sent by air to New York. Second class postage paid at New York, N.Y.

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# AMERICAN NEWS

## 'President's plastic prose'

OWN CORRESPONDENT

WASHINGTON, April 22.

GISSINGER has the election and foreign policy. His replies had been unexceptional until the question was posed as to whether there was any divergence of opinion between himself and the President over the normalisation of relations with Cuba in the light of Mr. Ford's recent campaign statement that Fidel Castro was "an international outlaw".

Dr. Kissinger answered: "The President has a more plastic way of expressing himself than I do, or maybe I have a more complicated way." He added, of course, that Cuba had been misbehaving

itself, in Angola, towards Puerto Rican nationalism and so on, but the assembled Press had sensed something.

What did Dr. Kissinger mean? Was he not aware that plastic melted in heat? "I am not aware that plastic melts in heat," he replied, and then neatly dissolved his audience into laughter. "I think the President's use of adjectives is more graphic than mine because, being from the Teutonic tradition, you cannot tell what a sentence of mine means until I place the verb at the end of it."

## Kissinger cautious about results of African tour

MARTIN, U.S. EDITOR

WASHINGTON, April 22.

GISSINGER, the will not be a measure by which the trip can be judged. He said that the trip was a success for the principle of majority rule and British efforts to bring about a constitutional solution to the Rhodesian impasse. He also injected his now obligatory denunciations of the use of Soviet and Cuban military intervention in the continent, contending that African problems should be solved by the African nations themselves.

He admitted that the U.S. had no nomination that the Cubans had expanded their role in Africa beyond Angola. He said that he understood that there were 15,000 Cubans now on the continent, 13-14,000 of them still in Angola.

He said that his tour in Africa had been the last word in Cuban policy. He said that he intended to meet with nationalist leaders, the in Zambia. He would certainly be Joshua Nkomo, but say who else. He said (Mr. Ian) Smith the nationalists to talk

permits the U.S. to buy Rhodesian chrome in spite of the continued existence of sanctions. The Government here accepts that such a repeal would be one of the best demonstrations of the American willingness to pursue impartial policies in Africa.

The only major policy statement that Dr. Kissinger is scheduled to make will be that to the UNCTAD conference in Nairobi early next month. That, however, will probably concentrate on the more general problems of the Third World rather than on Africa per se.

Editorial comment, Page 22

## Explosion in Boston injures 17

BOSTON, April 22

A POWERFUL bomb exploded inside the Boston municipal court building today, injuring 17 people and causing extensive damage. Police Commissioner Robert Degrazia said that a warning that a bomb would go off in the building was telephoned to the court's switchboard this morning but the device went off before police bomb experts arrived.

Police were searching for a young man who witnesses said left a package in a second-floor corridor and fled. The blast centred on the second floor. The police commissioner said that the anonymous telephone warning was made by a woman who said that a bomb would go off somewhere in the building in 20 minutes.

Mr. Degrazia declined to give any further details about the warning. But a court official who was told of the warning by the switchboard operator said that the caller had mentioned a case involving a man accused of several murders. He would not elaborate.

According to two hospitals where victims were treated only one was serious. Most suffered cuts and bruises from flying glass and other debris, they said.

Investigators were tentatively ruling out the possibility that the bombing was racially motivated, although the city has been the scene of numerous racial disorders over the past two years.

## CUBA AND JAMAICA

# Hands across the sea

BY CANUTE JAMES, KINGSTON CORRESPONDENT

THE IMPENDING visit of Dr. Fidel Castro will inevitably have a lasting effect on political dialogue in Jamaica, coming as it will after prolonged controversy over relations with Cuba.

Although no date has yet been officially announced, there is every indication that the Cuban leader will arrive no later than August, possibly during a tour of several Caribbean basin countries.

Controversy over Jamaican-Cuban relations started not in 1972, when Jamaica, in concert with its Caribbean Community (Caricom) partners, Barbados, Guyana and Trinidad, established diplomatic relations with Cuba, but last July when Mr. Michael Manley, the Jamaican Prime Minister, paid a six-day visit to Cuba.

Mr. Manley's Government of the socialist People's National Party has been under steady attack from the right by the Jamaica Labour Party, led by Mr. Edward Seaga. The opposition claims that Mr. Manley wants to make Jamaica a Communist state, using Cuba as a model. The Government has been at pains to argue that it is not Communist and has no intention of taking Jamaica into communism, and is dealing with Cuba at the level of mutual respect for sovereignty and independence.

Technical and economic agreements with Cuba have not escaped attacks from die-hard critics on the right. Several were concluded late last year at the first meeting in Kingston of the Cuba-Jamaica joint mixed

commission which deals with all aspects of relations between both North American and Latin islands, and which itself was established during Mr. Manley's start next winter.

One significant benefit to Jamaica is the technical help it is receiving from Cuba with building and maintaining "micro-dams" to help small farmers in Jamaica mitigate the increasingly destructive annual droughts. About 200 young Jamaicans are now in Cuba receiving instruction in building techniques.

Cuba is making a gift to Jamaica of a 500-place secondary school similar to a type that has become characteristic of the Cuban educational system. Cuba is providing the material, equipment and labour to build the school. Jamaicans have been offered scholarships in physical education, and Cuban doctors have been working in Jamaican hospitals, while plans are being made for experts in psychiatric care to instruct Jamaicans.

For its part, Cuba is getting an opportunity to relieve its chronic port congestion problems by using a transshipment port in Jamaica. Cuba is also to receive technical help with developing the tourist trade and training people for it. The Cubans are 21 were involved in the building and repairing about 60 of the micro-dams, nine helping to construct the 400 houses on the north coast, and 50 preparing to build the school.

In international affairs, the Jamaica and Cuba have supported each other in several situations, the latest being Mr.

a good market for several items which this island now imports from sources outside the region. However, trading links between both countries have developed surprisingly slowly given the importance placed by both on bilateral ties. Two years ago, Cubans identified Jamaica as a source of construction equipment and material, but then said the price was too high. Jamaica has sold Cuba small quantities of beer, welding rods, sulphuric acid, and aluminium extrusions, while purchasing from Cuba condensed milk, which is sold in special cheap food shops.

The accompanying verbal political battle here has overshadowed many of the potentially positive aspects of the commercial and technical exchange. The government from time to time has had to fend off attacks that Cubans were being allowed to "infiltrate" the country. In response to one such attack, the External Affairs Minister Senator Dudley Thompson, said there were no more Cubans in Jamaica.

There has yet been no indication that despite its tirades the JLP, if it wins the elections, will want to dissociate itself completely from Cuba, and from the agreements worked out between the Manley and Castro administrations. What is clear is that Mr. Manley has no intention of slowing the pace at which links are developing between the two countries.



Dr. Fidel Castro (above) and Mr. Michael Manley



# How to give your finance controller a new lease of life



## Manley adjusts his policy on the Panama Canal

OWN CORRESPONDENT WASHINGTON, April 22.

FORD has now the fold of official policy over the re- of the Panama Canal. He said that his tour in Africa had been the last word in Cuban policy. He said that he intended to meet with nationalist leaders, the in Zambia. He would certainly be Joshua Nkomo, but say who else. He said (Mr. Ian) Smith the nationalists to talk

## Auto industry strike

ART FLEMING

NEW YORK, April 22.

BETWEEN the striking case of a strike which threatens the health and safety of the nation. Taft-Hartley has never been used in the auto industry and it is suggested that the threat to the nation required to invoke this controversial legislation does not exist in the tyre strike at service are actively this stage, although if the strike went on for long enough to stop motor production the situation might become more threatening. The unions have concentrated on their negotiations on the Firestone Fire and Rubber Company, which has halted production at its three main competitors, Goodyear, Uniroyal and Goodrich. Salaried staff, who were yesterday prevented by pickets from entering or leaving factories, were back at work today following a court injunction limiting the activities and numbers of pickets.

## Lean inflation soars

A O'SHAUGHNESSY

of living index in staples food items similar to by 13.5 per cent in the restrictions on staples has heightened fear imposed under the Allende-atory process was Government. The junta's economic strategies have been greatly assisted by the announcement that the U.S. will be selling Chile additional quantities of wheat at reduced prices. Under an agreement signed with Washington this month the value of sales of reduced price wheat to Chile will be increased from \$45.7m. to \$49.1m. in the 12 months to the end of June 1976.

## Chile election bar upheld

D WHITE

RIO DE JANEIRO, April 22.

IS who have had powers since 1968, is decreed for a set period of 10 years. The d from rejoining the this conflict with the law governing the country's two legal political parties, the National Renewal Alliance (Arena) and the Brazilian Democratic Movement (MDB), which precludes anyone who has previously been banned under one of the institutional Acts.

We know (so, probably, do you) finance controllers who have grown old before their time. Old in the attempt to find money to replace plant, machinery, equipment or vehicles which ought to have been pensioned off years ago.

But there is an alternative to purchase and ownership. It's called leasing, and it's one of a great many services available from the companies that make up Midland Bank Group.

Leasing can be much more advantageous than purchase—and rentals may reflect the benefits of all available tax allowances.

Knowing your rental commitments in advance means that you can plan with accuracy. Yet leasing is also flexible, allowing you to change or up-date equipment at any time to meet changing circumstances.

Most important, by leasing instead of buying, you

conserve precious capital for other important company uses.

But leasing is just one of the many financial services that Midland Bank Group offers you to help make business more profitable.

Your local Midland Bank branch manager can also arrange term loan facilities, instalment finance, factoring and a number of export and international services, including export finance in sterling and other currencies and the discounting of bills. He can arrange, too, merchant banking facilities which include the raising of long-term and share capital, and finance for growing companies.

A whole range of services, in fact, and all available in the simple way you're used to—through your local bank. Call in soon at any of 3,000 Midland Bank Group branches and talk to the manager. He can quickly put you in touch with the appropriate Group companies.

Finance for business



## Midland Bank Group

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## EUROPEAN NEWS

Giscard shrugs off critics  
—'no change in policies'

BY ROBERT MAUTHNER

PARIS, April 22

UNDETERRED BY the mounting wave of public criticism of his policies and style of government, President Giscard d'Estaing today emphasised that he had no intention of modifying the liberal reform programme on which he was elected two years ago.

M. Giscard was his old relaxed and smiling self as he replied to questions from some 250 journalists at a Press conference at the Elysee Palace devoted entirely to domestic issues. In contrast to his recent TV broadcast during which he adopted an uncharacteristic, sombre pose.

Opinion polls, such as the one published by the Paris paper "Le Figaro" today, showing that public confidence in the President's ability to deal with a serious crisis had dropped another two points to 48 per cent, were treated with undisguised disdain, though M. Giscard did not hesitate to quote other polls which showed that a majority of people supported his policy of change.

Asked how long he thought that he could continue to govern given the narrow margin of little more than one per cent, by which he was elected, the President pointed out that the governments of most other neighbouring democracies had the backing of only a minority of the electorate. He made clear that he had every intention of going on until

the end of his Presidential term in 1981, as well as stressing once again that the date of the next Parliamentary election, due in the spring of 1978, would not be brought forward. Refusing to be drawn on what he would do if the Union of the Left, the alliance between the Socialists and Communists, won that election, M. Giscard said that this was not a probable hypothesis in

Pupils and students fought with riot police in Paris again yesterday as the TV of another demonstration in protest against the French Government's planned education reforms, reports Reuter.

In spite of the Left's recent successes in local elections, a great deal of water would flow under the bridges of the Seine during the next two years which could entirely change the political picture.

In this context, M. Giscard was highly critical of the refusal of the left-wing parties to take up his offer of regular consultations between the Government and the opposition. Their attitude was deplorable and was one of the main causes of the atmosphere of political tension in France. Of all the democratic countries, France was the only one in which such a dialogue did not exist.

The President had some hard words for the Communist Party

in particular. Its recent attempts to give itself a more liberal image were no more than electoral tactics. As important a Marxist concept as the dictatorship of the proletariat was dropped in a few days merely because the Communists thought that this would enable them to gain power more easily.

Turning to the country's most acute current problem, that of university reform, opposition to which has taken the form of violent street demonstrations by students, M. Giscard said there was no danger whatsoever of a repetition of the revolutionary situation of May, 1968. At that time, student discontent was universal, while today it affected only a small proportion of the student body. In addition a substantial percentage of university teachers, though admittedly not the majority, were in favour of the reforms, which are aimed at making university studies more job-oriented.

After stressing that the Government had no intention of modifying its university reform plan, the President went out of his way to reject criticism that it would lead to a lowering of academic standards or undue influence by the Patronat, the French Employers' Federation, over the curricula of universities. The universities themselves would retain control over the implementation of the reforms, he said.

## Cuban embassy in Portugal bombed—2 dead

BY PAUL ELLMAN

TWO PEOPLE died when a powerful bomb shattered the Cuban embassy in central Lisbon today.

The bomb, believed to have been left in an attack case, exploded without warning reducing the inside of the embassy, located on the sixth floor of a ten-storey building, to a tangle of shattered furniture and shredded curtains. The force of the explosion sent the heavy steel shutters on the embassy windows flying across the six-lane avenue below and

caused extensive damage to adjoining floors. The dead included a Cuban embassy employee, who has not yet been identified, and a woman who died in hospital two hours after the blast. Four other people were injured by the explosion.

A strong force of heavily-armed riot police threw a security cordon around the building, turning back a crowd which formed soon after the blast. A youth who leapt onto a fire engine and tried to start up a chant of "death to fascism" was hustled away.

Police declined to speculate on the identity of the authors of the attack but it was widely assumed here that it had been the work of Angolan refugees trying to draw attention to the increasingly desperate plight of those who fled to Portugal from the civil war in the former African colonies.

The refugees' resentment at the Cubans has been heightened by the key role played by 10,000 troops in securing victory for the Soviet-backed MPLA forces in Angola's civil war.

The attack coincided with a

LISBON, April 22

stark warning that Portugal could have a million refugees from Africa on its hands by the end of June, and came in the wake of a fresh pledge by the military leadership that it will stamp out violence which has threatened the country's election campaign.

In a statement issued early today, the Revolutionary Council of the Armed Forces confirmed that troops have been put on a state of alert to ensure that the campaign, which will end with legislative elections this Sunday, will close peacefully.

## Sunday's poll: now the next round

BY PAUL ELLMAN IN LISBON



Dr. Mario Soares, secretary-general of the Portuguese Socialist Party, campaigns north of Lisbon in a rainstorm.

PORTUGAL'S first free Parliamentary election campaign in half a century limps towards an inconclusive finish and fractious politicians have already begun limbering up for a new, and potentially grave, political crisis.

The campaign's closing stages have been dominated by the realisation that Sunday's nationwide poll for the 263 legislative assembly seats is unlikely to produce a clear-cut verdict from the electorate. The key to the political situation will therefore almost certainly lie with the presidential elections which the Constitution stipulates must be held no less than 60 and not more than 71 days after the ballot on Sunday.

The Constitution, which legally takes effect this Sunday as well, stipulates that the Sixth Government shall remain in office until after the presidential election, since it will be the task of the next head of state to select a cabinet from those voted into the assembly. This provision was in fact inserted at the insistence of

Mr. S. Carneiro, leader of the Popular Democratic Party (PPD) as the price for supporting the pact between the civilian politicians and the military leadership which paved the way for Sunday's general election.

However, the PPD leader suggested this week that Admiral Pinheiro de Azevedo's present team might be replaced by a seventh provisional government, which would reflect more closely the outcome of Sunday's vote.

The call has already been taken up by some elements of the Socialist Party as well as by the economy, agrarian regime, and the effects of decolonisation, all of them issues enabling the parties to lay the blame on their

opponents. They have done so with relish, producing rumblings of discontent from some sections of the military leadership with the "negativism" of the campaign.

The Socialists now believe, and their view is supported in some diplomatic circles with access to private poll data, that they may once again emerge as the biggest single party in the country this week-end, albeit by a smaller margin than last year.

The mood of, admittedly muted, optimism, is sustained by signs that the PPD campaign, which got off to a fast start, may be running out of steam. This is partly due to a sheer lack of plans to run for the Presidency.

In an interview, Admiral Pinheiro de Azevedo, split out the requirements that he felt the next head of state—due to be elected around mid-summer—should meet.

These included, the Admiral said, that he should be a military leader and that he should also be a democrat. He added: "If the country agrees that this profile corresponds to the man necessary to meet Portugal's needs, I shall not see from serving it, fulfilling in this my duty."

Admiral Pinheiro de Azevedo also confirmed that he would resign as Head of the Sixth Provisional Government if any attempt is made to remodel it in the light of Sunday's election result.

As far as can be ascertained, the support lost by the PPD has gone overwhelmingly towards the CDS. Prof. Freitas do Amaral has visibly grown in political stature throughout the campaign and is widely expected to take his party into third position ahead of the Communists on Sunday and come close to the PPD. In one sense, the CDS leader has had a relatively easy time of it, being able to claim to the mass the other three—whom he refers to indiscriminately as the "Government parties"—have made of the country. His other trump card, especially over the PPD which is fighting for the same broadly right-wing constituency, is that he is the only one who never proclaims his attachment to socialism.

A year ago, the parties polled as follows: Socialists 37.9 per cent; PPD 26.4 per cent; Communists 12.5 per cent; and CDS 7.6 per cent. Since then life has become much more difficult, and even more expensive for the average Portuguese. Since then, too, a Constitution has been produced which allows for a strong president, although he will still have to enjoy the support of the military if he is to rule effectively.

## Italy poised for early elections

BY DOMINICK J. COYLE

ROME, April 22

WHILE Sig. Zaccagnini, the Christian Democratic party secretary, continued this evening with his last-minute consultations with all the other democratic parties in an effort to prevent the collapse of the present minority Government, the signs

to-night pointed increasingly to an early dissolution of Parliament and new elections. The Socialists, Italy's third largest party, with whom Sig. Zaccagnini had consultations last night, indicated today that early elections were now "preferable"

and the central committee of the Communist Party (PCT) is to meet here to-morrow morning to decide finally its attitude.

Sig. Zaccagnini met today with his Communist party opposite number, Sig. Rorini, to argue but as traditional with the Communists, Sig. Berlinguer was not prepared to make a definitive statement until his directorate had had an opportunity of considering the latest Christian Democratic offer.

Sig. Zaccagnini, representing the Left-wing of Prime Minister Aldo Moro's administration, would like it possible to avoid early elections, mainly because he fears a major reversal at the polls for the long-ruling Christian Democrats.

The party's electoral prospects cannot have been improved by the latest disclosures here today concerning alleged Lockheed payments based on documents sent on request to Rome by the FBI and Administration and arising from evidence collected by the U.S. Department of Justice.

It is claimed that these payments involved directly an Italian Prime Minister sometime between 1965 and 1971. The Italian Press has accordingly concluded that one of three men must have been involved: Sig. Giovanni Leone, now the Italian President; Sig. Aldo Moro, the current Prime Minister; or the present Foreign Minister, Sig. Mariano Rumor.

Sig. Zaccagnini was tonight concluding his bid to win all-party support for an emergency economic programme and for compromise proposals to avoid a contentious national referendum and changes in the present restrictive abortion law. No precise details of the Christian Democratic proposals have been released, however.

The mood in Italian political circles tonight is that this coming week-end is likely to decide finally the fate of the present Government, and the odds remain on elections taking place here one full year ahead of schedule.

## EEC jobless fall goes on

BRUSSELS, April 22

UNEMPLOYMENT in the European Common Market is continuing to fall, reflecting a slow economic recovery in most member states, according to the latest monthly EEC unemployment survey released today.

The survey, based on statistics supplied by the nine EEC states, shows there were 5,386,300 people out of work in February and March—a drop of more than

180,000 over the 5,567,000 total registered in last month's survey. The figures do not take account of seasonal variations in unemployment. But EEC officials said the statistics, if seasonally adjusted, showed a gradual improvement over recent months.

The exception was Italy, where the jobless rate continued to rise in January, the latest available figures, and March—a drop of more than

Agencies

## Refugees from African colonies may reach 1m.

BY OUR OWN CORRESPONDENT

LISBON, April 22

A DRAMATIC warning that Portugal could have 1m. refugees from its former African colonies to house and feed this summer has cast a fresh cloud over the election campaign.

The size of the problem was inadvertently leaked by the Under-Secretary for Housing, Mr. Carlos Ferro Gomes, who declared that the earlier official figure giving the number of refugees from Angola and Mozambique had long since been overtaken and was now beyond the 800,000 mark. When the school year ends in Mozambique this June, a new exodus is likely to take the total beyond 1m., Mr. Ferro Gomes added.

His remarks are likely to send a fresh shock wave of bitterness through the refugee community in Portugal whose votes could be crucial to the outcome of the election this Sunday. The "retornados" have organised their own political movement, the Independent Social Centre (CSI). Although the CSI is not contesting any seats in the legislative

assembly it is expected to indicate to the 120,000 refugees who have registered to vote that they should fall behind the two parties which have consistently attacked the de-colonialisation programme, the Popular Democrats (PPD) and the Centre Democrats (CDS).

The influx of refugees has thrown sharply into reverse Portugal's historical capacity to overcome a great part of its chronic unemployment by exporting it. Between 1960 and 1972, Portugal's population fell by 3 per cent due to emigration. Since 1974 emigration to the traditional industrial markets for Portuguese labour—Brazil, France and West Germany—came to a halt under the impact of world recession. At the same time, the increasing hostility of Mozambique to the Portuguese settlers and the civil war in Angola added to the pressure on Portugal's resources, with the result that last year alone the population grew by 2 per cent.

## Azevedo confirms candidacy

By Our Own Correspondent

LISBON, April 22

THE PORTUGUESE Prime Minister, Admiral Pinheiro de Azevedo, has confirmed that he plans to run for the Presidency. In an interview, Admiral Pinheiro de Azevedo, split out the requirements that he felt the next head of state—due to be elected around mid-summer—should meet.

These included, the Admiral said, that he should be a military leader and that he should also be a democrat. He added: "If the country agrees that this profile corresponds to the man necessary to meet Portugal's needs, I shall not see from serving it, fulfilling in this my duty."

Admiral Pinheiro de Azevedo also confirmed that he would resign as Head of the Sixth Provisional Government if any attempt is made to remodel it in the light of Sunday's election result.

## RESOURCES BANK PLAN DISCLOSED

## U.S. oil price campaign at north-south talks

BY REGINALD DALE

PARIS, April 22

THE U.S. has stepped up the bargaining in the north-south "dialogue" here by submitting a detailed paper arguing that the current level of oil prices is too high. But Washington does not seem to be in any hurry to negotiate a price deal with the oil producers in the Paris talks.

The aim rather is simply to try to convince producers, by a rational presentation of facts, that high oil prices are in nobody's interests. Washington now seems to have accepted that oil prices will in any case be dictated by political and economic factors that are not "negotiable".

The Americans are treating the oil price issue here quite separately from the rest of the "dialogue," which covers development and financial aid issues that

will surface at the United meeting in Nairobi next month. It is accepted that the oil producers could become more militant if the Nairobi conference ends in disagreement, but the Americans, who probably hold the key to the success or failure of the conference, are not trying to do a deal.

Rather, it seems likely that Dr. Henry Kissinger, the U.S. Secretary of State, will try to steal the initiative in Nairobi by proposing a new way of financing the exploitation of commodities by developing countries. The State Department has leaked plans for a new International Resources Bank, which Dr. Kissinger is expected to put forward in Nairobi, provided the U.S. Treasury can be persuaded to give its approval.

The bank, according to reports from Washington, would raise up to \$10bn. by selling bonds on the private market and investing the money in developing countries, primarily to develop ores and minerals. The bank would share the cost of the initial \$1bn. capitalisation of the bank, one aim of which would clearly be to secure supplies of raw materials for the future.

Meanwhile, in its paper submitted here yesterday, the U.S. delegation argues that the "economically efficient" price of oil is less than the current price. The main point is that current price levels are leading to a major mis-allocation of capital by draining investment away from other projects.

The estimate is that "mis-allocated investment" in the U.S. could range as high as \$200bn. between now and 1985, involving an extra annual outlay of up to \$20bn. which would have to be diverted from other pressing needs. In the developing countries, high oil prices are leading to a diversion of scarce capital away from socio-economic priorities to intensified indigenous energy development, the U.S. argues. Global growth is being reduced.

Nevertheless, the U.S. admits that the transition period before fossil fuels are replaced by other energy sources is likely to be lengthy. At current consumption rates, proven oil reserves would be exhausted in about 40 years, but this could be extended to 80 years if all resources could be recovered at economic prices.

The U.S. has also warned the other countries here that foreign assistance programmes are likely to be among the first to be affected by the redistribution of capital caused by "excessive" oil prices. Other priorities, both domestic and foreign, must suffer when more investment than necessary is diverted into energy, the American says.

Submission of the U.S. paper should accelerate the crabbing progress of the "dialogue" towards a real discussion of future oil price levels—the unspoken issue that has yet to be formally raised here. In return, the U.S. appears to be moving at least closer to a consideration of the indexation of oil prices, with its acceptance at this session of the talks that it is legitimate to discuss deserving the purchasing power of receipts from oil exports.

## Aramco takeover discussed in Geneva

BY DAVID EGLI

GENEVA, April 22

THE PRESENCE in Geneva of Aramco representatives, and the expected arrival on Saturday of Crown Prince Fahd, Prime Minister of Saudi Arabia suggest strongly that the main subject under discussion at OPEC's on-day meeting here today was the recent takeover agreement between Saudi Arabia and the oil majors.

The special and unscheduled meeting of ministers and representatives of the Organisation of Petroleum Exporting Countries may have been called by Iran, currently presiding over the organisation because of increasing uneasiness on the part of Iran and most of the other OPEC countries over the possible market implications of the terms worked out by Saudi Arabia negotiators in the Atlanta City agreement, which

has yet to be signed, with representatives of the oil majors operating Aramco—Mobil, Exxon, Texaco and Standard Oil of California.

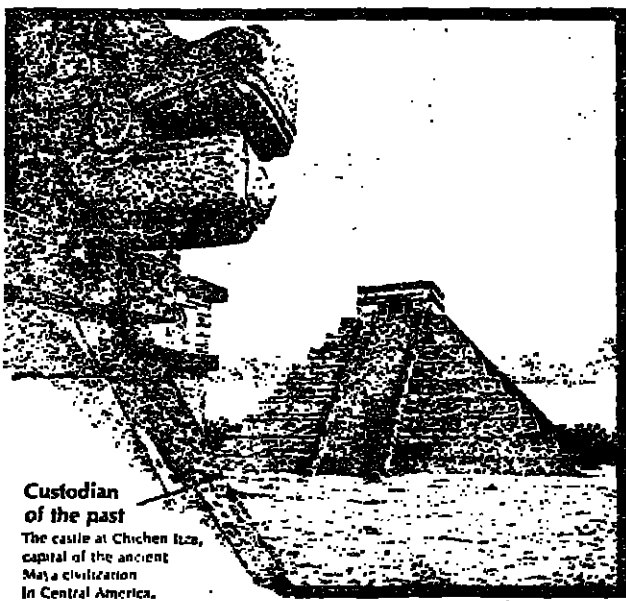
In this case, the Saudi Arabian representative, Sheikh Ahmed Zaki Yamani, may have been questioned very closely as to Saudi oil marketing tactics in the immediate future. The issue is linked to the fact that other OPEC members, particularly Iraq, have come under fire for having trimmed their oil prices to boost exports at the expense of other members and at the risk of breaking OPEC solidarity. The expected arrival of Prince Fahd may thus be seen as a move to provide additional reassurances that Saudi Arabia does not intend to go it alone with marketing policies which could be detrimental to other OPEC members.

On the other hand, now that reassurances have been given, he may be coming actually to sign the Atlanta agreement with the oil majors' representatives.

The meeting, which ended earlier than expected, was described as "positive" by the Algerian Petroleum Minister Mr. B. Abdel Salem.

Venezuela's Oil Minister, Mr. Hernandez Acosta, indicated that there had been no serious differences of opinion. The ministers, he said, had instructed OPEC's Economic Commission, expected to meet on Monday, to study the question of price differentials including variations of various types of crude and the effects of limits on production in recent months.

## To Future Generations, Security



Custodian of the past  
The castle at Chichen Itza, capital of the ancient Mayan civilization in Central America.

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## OVERSEAS NEWS

# O leader predicts U.S. acceptance of Syrian intervention in Lebanon

AEL TINGAY

ER of the Syrian-ent Suleiman Franjeh were troops from the Palestine Liberation Army continued to insert themselves between the opposing sides in Beirut, Washington indicated.

Lebanese left-wingers renewed their calls for the immediate election of a new president. Ahdab radio said again today that if no solution was found by May 2, when the Lebanese Parliament ends its session, the Nationalist movement would establish a Revolutionary government in areas under its control and lead the battle for liberating other areas, writes Michael Tingay.

Meanwhile Reuter reported that at least 15 people were killed and scores wounded today in a Moslem enclave east of Beirut during an exchange of heavy artillery with a predominantly Christian district nearby, according to official sources.

The violent exchanges came as right-wingers faced with the prospect of joint Syrian-Palestinian efforts to restore peace, raised the possibility of France taking part in a new security system for Lebanon.

visions in the Damascus Accord. Right-wing leaders awaited today the return of the two envoys, Dr. Lucien Dahda and Sheikh Selim el-Khoury. They left Damascus at mid-day for a meeting with President Assad.

General Najib Jamil, Syria's Deputy Minister of Defence, and Gen. Hikmat Shehadi, Chief of Staff of the Syrian Army.

While travellers from Damascus and progressive groups reported that the Syrians after their troops crossed the Maronite Presi-

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## Protester shot dead in Addis

Soldiers opened fire to break up a small demonstration in Addis Ababa yesterday, killing one of the protesters on the day after the Government had announced that it would permit peaceful demonstrations, Reuter reports.

Eye witnesses said that soldiers arrived on the scene after the 200 demonstrators marched in orderly fashion to a city square.

The troops fired seven shots, the eye witness said. Most of the shots were fired in the air, but then the soldiers waded into the protesters with their rifle butts and heavy sticks. About 50 people were taken away in trucks, while the bloodstained body of the man who died was put in an ambulance.

The clash occurred on the day after Ethiopia's military rulers issued a political programme which included the right of peaceful demonstration for groups which were "anti-feudal, anti-bureaucratic capitalist and anti-imperialist."

He said that Mr. Jumbali and the other forces who fought the March mountain battles mobilised feeling against Syria and Saigra, but he was confident popularity would return.

"When the Syrian Army intervenes," he said, "quickly intervening. When and if—every thing will change, and we will regain popular support."

Secretary of State Henry

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Indira Gandhi

MRS. INDIRA GANDHI's Government has embarked on a campaign to win friends in both Communist and capitalist worlds. It is trying to clear up the aftermath of wars with China and Pakistan and wooing foreign business to India.

In the space of a week, New Delhi has announced that it is sending an ambassador again to Peking, after a gap of almost 15 years; is prepared to talk with Pakistan about re-opening formal diplomatic ties, broken four years ago; and is making major concessions to foreign investors.

It has also protested twice to Bangladesh about what it alleged was unprovoked firing at Indian border security forces.

How that episode fits the overall pattern is as yet not clear.

Several factors probably converged to impel India to greater activity. The most obvious are anxiety to demonstrate the dynamism of the regime since the imposition of emergency rule; equally a need to try to win friends abroad and melt the chilly comments in the West about the suspension of Indian democracy; finally India has to show its Third World friends that it is not completely in the pocket of the Soviet Union.

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## INDIA'S FOREIGN POLICY

## A search for more friends

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

the first time that the summit had been held in Asia, Delhi probably has high hopes of being a star performer at the meeting. Ironically before Egypt asserted its independence from Moscow New Delhi was known to have been active in trying to modify the membership of the non-aligned conference in the interests of a purer definition of a non-aligned country.

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## Stewart Wrightson, I presume?

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# Some awkward questions our competitors would like us to answer.

**Q** You've made a lot of claims about the relatively small amount of capital investment needed to re-equip a foundry with cupola plant. Do you have the figures to back up those claims?

**Q** The problems of wet, dirty or oily scrap are well-known to the foundry industry. Why should your fuel be able to cope with them any better than any other fuel?

**Q** Is foundry coke really the most efficient form of fuel?

**Q** The coal-mining industry isn't the most stable industry in this country. To put it bluntly, can you guarantee supplies?

# And the answers they didn't expect us to give in public.

**A** The facts are simple. To install a cold blast cupola costs about £5 per ton of annual melting capacity as against £15 for other melting systems. In these days when capital is scarce it's worth bearing these figures in mind.

**A** Coke-fired cupolas can accept a wider range of scrap than any other foundry melting plant. In fact, many other systems cannot accept oily, contaminated or wet scrap without costly treatment because of the dangers of explosion when charging. And of course, foundry coke plays an important function in the furnace that other fuels cannot do. During the melting process the metal and coke are in direct contact and the carbon provided by the coke contributes to the final composition of the molten metal.

**A** Certainly some other systems use energy more efficiently. But only when they have a constant work load over an extended period to offset the possible maximum demand charges imposed with other fuels. With today's uncertain economic climate, it's very unlikely that anyone can guarantee such a steady supply of work.

**A** To answer bluntly, no industry connected with energy supply can ever be completely stable again. Looked at in this context, foundry coke is a safe form of energy. Because you can build reserves. Because Britain has enough coal for foundry coke-making to last far into the future and most importantly, because, by agreement with the Council of Iron Foundry Associations, adequate stocks of foundry coke are maintained at the ovens, so foundry coke represents "energy stock".

Additionally National Smokeless Fuels are pioneering new coke making techniques, thus guaranteeing the availability of good quality foundry coke when traditional coking coals are less readily available. If you have any questions you'd like answered about foundry coke, contact Mr. J. D. Hill, National Smokeless Fuels Ltd., Coal House, Lyon Road, Harrow, Middlesex HA1 2EX (Tel. 01-427 9001). Once you've heard the answers we think you'll agree, National Smokeless Fuels, by supplying the energy to produce 90% of all Britain's iron, is the hidden power behind Britain's industry.

**National Smokeless Fuels Ltd.**  
The Hidden Power Behind Britain's Industry.





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHROYERS

## TRANSPORT

### Self-propelled hover platforms

MACKLEY Ace which specialises in large hover platforms for carrying very big and heavy loads has now devised a self-propelled model. Normally, hover platforms have to be towed or winched as the more conventional hovercraft are noisy and additionally need an experienced hover pilot.

The latest platform has a self-propulsion system based on a pair of driving wheels incorporated into it. Being a hydraulic system, no complicated transmission is needed, and variable speed control is obtained through hub motors on the wheels.

As the platform hovers when on the move the actual weight transmitted to the drive wheels is minimal, enabling them to cross most types of terrain without losing grip.

The twin pairs of wheels are pin-jointed on to the outer frame of a standard Mackace hover platform so that the payload area remains completely clear. Mackley Ace's latest platforms can be assembled on site by unskilled labour and it is claimed that any competent plant operator is capable of handling them.

They are expected to widen the scope of hover platforms, enabling them to work in flooded areas and soft ground sites.

A series of demonstrations of the new craft are being held at Henfield, Sussex and can be attended by arrangement with the company at Southampton (0703 781844).



## PROCESSING

### Spherical mixers

SPHERICAL disperser and mixer units, available in five sizes from 250 to 5,000 litres, are being marketed by Delwin PMF 27a, Hare Street, London, SE18 6TE (01-317 9570).

Made by the SEM Organisation in France and known as Hel-

globes, these units have applications in a range of manufacturing and process industries.

Features are the spherical mixing chamber, and the availability of three types of variable-pitch impellers with different profiles and optimum operating speeds. At high speeds from 25 to 30 metres/second, the Heliglobe is fitted with a hammer impeller; at medium speeds from 8 to 15 m/s, with a saw-tooth impeller and slasher blades; and at low

speeds from 3 to 10 m/s, with a large-diameter blade impeller.

These cover a variety of duties, including mixing, dispersion, emulsification, dissolution, pulverisation, homogenisation, humidification, and mixing with scraping. Installed motor drives with ratings from 6 to 200 hp are offered.

Details from S. G. Owen Group, Lodge Farm Industrial Estate, Harlestone Road, Northampton (0604 54124).

### Phosphating at lower temperature

TWO new Bonderite zinc phosphating processes have been introduced by Pyrene Chemical Services. They enable iron and steel surfaces to be treated at 30 degrees C. compared with the previous temperature of 50 to 60 degrees C.

The company estimates that a reduction from 54 to 30 degrees C in the phosphating solution would produce a 40 per cent energy cost saving in a typical car-body phosphating plant. With the reduction applied also to pre-cleaning and rinsing the cost reduction approaches 50 per cent.

Bonderite 150 is an immersion process and the company states that it produces the same standard of coating as its type 75 higher temperature process.

For spray application type 199 solution is offered. It is used in conjunction with a compensating chemical supplied in powder or solution form, to accelerate the process and achieve the required performance. For cleaning, Pyrene's alkali solution is offered for spray application.

More from Ridgeway, Iver, Bucks SL0 9JJ (0783 651812).

### Compact curing unit

A SELF-contained ultra violet curing unit, complete with conveyor belt, lamps, control system and exhaust fans, have been introduced by Wallace Knight, 515 Ipswich Road, Trading Estate, Slough, Berks. SL1 4EP. (0753 28151).

Available in a variety of formats they are designed specifically for applications such as sheet fed printing or coating of board, tin, paper, wood and similar materials.

Called the "Lineure", the range of machines has been designed for maximum flexibility. Within the basic framework, different components can be fitted depending on the application. The machines can be used in-line or at the end of a production line, and can be fitted with wheels or castors for mobility.

Delivery is by belt conveyor and the units can vary from 20 to 72 inches. The units use reflector systems of highly polished anodised aluminium. The lamps, rated at 80 watts per cm, are medium pressure mercury arc type, with a guaranteed minimum working life of 1,000 hours.

Drive can either be by integral or remote power unit and the instrumented controls can either be built in or housed in a remote cabinet. Belt speed can be fixed or variable and power selection can be used to vary the amount of UV irradiation. To enable very light sheets to be handled a vacuum table under the belt can be fitted.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.



### VICTOR PYRATE LIMITED

We are proud to receive the Queen's Award to Industry, for export achievement.

Specialist manufacturers of tank-washing equipment to the world's tanker market.

ARISDALE AVENUE, SOUTH OCKENDON, ESSEX, RM15 5DP

Member company of the Samuel Hodge Group

### Resin dyes leather better

TANNED LEATHERS offer widely different responses to dyestuff application according to the nature of the tanning process and the dyestuff. Production of an even and full colour often requires an extended "sandwich" process which involves treatment with dyes, with auxiliaries, and then with dyes again.

It is claimed that with a new resin solution, Maxicel, these techniques can be replaced by a one-bath process. Savings of up to 50 per cent in dyestuff usage are said to be realised when dyeing to particular shades in the medium to dark range, and pastel shades of exceptional evenness are reported.

Use of the resin may make it possible to use dyestuffs, and produce colours, hitherto regarded as impossible with leather, says the maker.

Maxicel was developed by Hercules Powder Co. 1, Great Cumberland Place, London W1H 8AL (01-282 7766) in sponsoring association with British Leather Manufacturers Research Association at Egham, Surrey. Test results suggest that use of Maxicel does not impair the general qualities of leather and can be beneficial in certain respects such as rub resistance.

### Selective plating cuts costs

FOR SELECTIVE precious metal plating of contacts and components for the electronics and telecommunications industry, the S. G. Owen Group has developed a range of automatic reel-to-reel machines.

These are able to plate selectively on one side only on stamped, flat or formed contacts, pre-punched ribbon stock, transistor lead frames and IC lead frames, in reel-to-reel form. Accurate positioning and spot definition is achieved by the use of specially developed tooling, says the company.

Plating is carried out by the auto selective plating head in each line. The treatment sequences, normally specified by the user and dictated by the requirements of the component, can include provision for copper strike, nickel and gold flash, with integral or partial coverage. Modular design of treatment stations allows flexibility and rapid process changeover. Solution sump tanks are wheel mounted for easy removal and replacement with alternate electrolyte baths.

Take up and de-reel units are free standing and multiple strips can be processed through machines simultaneously. The company claims that compared with other plating methods, these reel to reel machines can save over 90 per cent of gold on some applications, recovering the cost of a machine in a few months operation.

## INSTRUMENTS

### Electronic stopwatch

TIME measurements of up to 999 seconds to an accuracy of half of one per cent, can be carried out with a three-digit low-cost display timer put on the market by Deltic Automation, 10, Tillys Lane, Staines, Middlesex TW18 4ED (Staines 57531).

Intended for use in photography, education, athletics, medicine and engineering, the unit has a time display that is

free-running and covers three ranges — 9.99 seconds, 99.9 seconds, and 999 seconds. Versions can be supplied with higher accuracies of 0.1 and 0.05 per cent.

Measurement of elapsed time can be started and stopped using a local push-button. This mode of operation can be continuous, permitting the sum of any series of manual measurements to be accurately recorded. The time displayed will always remain on permanent hold until the button is again pressed. Alternatively a reset-button returns the display to zero.

Operation in other ways is possible; for example, a remote push button can be used, or a remote photocell. A sensitivity control is incorporated.

Large and small fleet operators can use this compact, high performance two-day radios-telephone. The "Reporter" measures 7 inches wide by 2 inches high by 5 inches deep and can be easily installed within reach of its operator in any vehicle. Fitted in its own secure, tamper-proof mounting, it overcomes the installation problems of conventional mobile radio-telephones.

Single channel and up to six channel versions are available for operation in frequency bands A (145-174 MHz) and E (145-168 MHz); other frequencies will become available later. The standard 5W transmitter provides a range of up to 20 W with an additional RF amplifier. The transmitter is constructed on a two-layer principle with separate RF and LF printed circuit boards. High receiver sensitivity and excellent signal to noise ratio are provided by an improved circuit design. An advanced design antenna filter keeps transmitter harmonics low and provides extra receiver protection against CBF broadcasts.

Pyre at Newmarket Road, Cambridge CB5 5PD. Cambridge (0223 22222).

## ELECTRONICS

### Measures pressures

SUITABLE FOR fluid pressure monitoring and control in industrial and chemical processing, vehicle line pressure studies, biomedical system control and high pressure blast measurement, a transducer from SE Labs (EMI) is fabricated inside a 10-32 UNF bolt with a built-in "O" ring and a sensing area of only 0.015 square inches.

Working on the piezo-resistive principle and producing an output of up to 125 mV full-scale (6V DC input), the unit can be connected directly to oscilloscopes and recorders.

Virtually insensitive to acceleration, vibration and shock the transducer measures both static and dynamic pressures with a flat response up to 90 kHz. In published in Units are available to a customer's specified thread length this in British in to facilitate easy matching to existing systems, and electron beam welding is available for applications involving corrosive environments.

Designated EPS 1002, the unit is available in full-scale range from 5 to 5,000 p.s.i., gauge, absolute or differential. More from the company at North Feltham Trading Estate, Feltham, Middx. (01-890 1166).

## FILMS

### Finding right scene

WITH BILLIONS posed film footage the shelves of an libraries through a major pioneer users has an "exist" bar, at "One significant missing the problem announced by Britannica Education — which is world's largest film library.

The corporation a 5,500 page, 11 index to scenes 11 films. The index on standard set indexes 50,000 scenes.

The first three prise a complete they appear specific film title category 7 list scenes al "Archibuteure", "Skyserver" (11) dent has seen

Each listed a formation on a title, location, camera speed, graphy, three e action descriptive film was shot.

The company index, called Ex static and dynamic pressures make a significant with a flat response up to 90 kHz. In published in Units are available to a customer's specified thread length this in British in to facilitate easy matching to existing systems, and electron beam welding is available for applications involving corrosive environments.

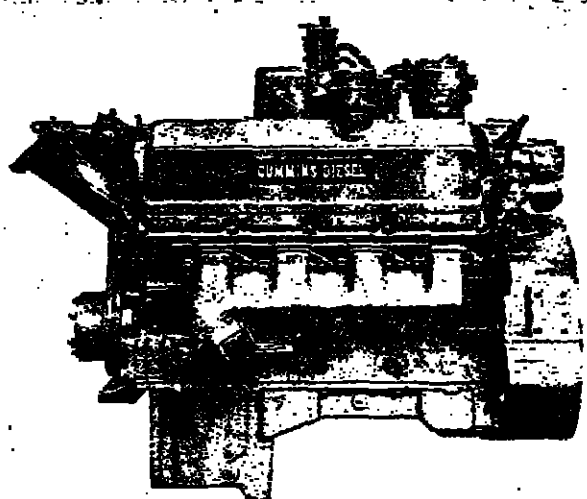
Designated EPS 1002, the unit is available in full-scale range from 5 to 5,000 p.s.i., gauge, absolute or differential. More from the company at North Feltham Trading Estate, Feltham, Middx. (01-890 1166).

## COMMUNICATION

### New deal in telephones

MOBILE radiotelephone equipment launched by Pye Telecommunications with a list price of under £250 has an unusual bonus of a free maintenance contract valid until January 1, 1978.

### The pacesetting diesel engine from Cummins does it again



For the third time Cummins Engine Company Ltd. has won the Queen's Award for Export. The 1976 award went to Cummin's Vee Engine Division at Darlington, Co. Durham. Since receiving their first award in 1970 Cummins have produced over £117 million of export sales for their vee engines.

One of over 200 equipment applications for the Cummins Vee engine. The Ford D Series medium weight truck range has fitted the V8 version for over nine years.



### Cummins diesel power

Cummins Engine Company Limited, Coombe House, St. George's Square, New Malden, Surrey, KT3

### ELE gains Queen's Award for Export Achievement

Engineering Laboratory Equipment Ltd, one of the leading suppliers of materials testing equipment and of the John Mowlem Group, are proud to be the first in their field to win this Award. This success has been achieved by the enthusiasm and resolution of the staff, coupled with the tremendous of overseas representation.



Frogmore Road, Hemel Hempstead, Herts. HP3 9RL, England Tel: Hemel Hempstead (0442) 50221 Telex: 825239

### The least efficient way to raise production

Whenever a man becomes a bearer of burdens he's doing something that his body isn't designed for. Yet there's still a lot of needless humping and carrying going on in factories today. It's an expensive way to keep things moving.

### The most efficient way to raise production

The Exel range of continuous elevators, designed to work with all conveyor systems, is mechanically one of the simplest designs on the market, one of the most efficient and one of the most compact. Unit construction facilitates installation and re-siting. This is only one of the many mechanical handling components designed by Marryat to allow men to get on with jobs that machines can't do and so reduce handling costs to a minimum.

Marryat are leaders in this field. Designers of integrated systems. Makers of standard mechanical handling units to perform specific functions with tireless efficiency.

#### Palletisers

Multistak A new and unique installation that loads separate pallets from as many as six different product-lines, automatically and continuously or semi-automatically.

Trustak A palletiser which handles a single product line at a time, automatically or semi-automatically.

#### Conveyors

Transnorm Far and away the most advanced belt conveyor system in the world. It's completely adaptable to any factory layout and can operate on as little as half the power required by conventional conveyors.

#### Storage and Warehouse systems

PSB Highly sophisticated computerised storage and retrieval systems.



Marryat Handling Limited, Lombard Road, Merton, London SW19 3AR Telephone: 01-542 9871 Telex: 829447 (Marryhan)

**Marryat**  
The mechanical handlers

10/2/78



## HOME NEWS

ra says Coal Board  
oke even in 1975-6

RODSON

THE NATIONAL COAL BOARD in the 1975-76 financial year, despite the harsher policy towards grants for the nationalised industry, has managed to make a profit of £2.5m. Sir Derek was insistent yesterday that the Board intended to stick to the letter of the plan, though it will be far more expensive than at first estimated. All projections showed that there would be a national energy shortage by the 1990s, and that the nation must pay now for assured energy supplies then. The plan is suffering in the main from inflation, but some of the detailed costings are rising as the world's oil price rises because of environmental undertakings and the need to divert

the main London-to-Edinburgh railway line.

He refused to give any firm assurance about future movements in coal prices—a 15 per cent. rise has just been applied—because, he said, there were so many uncertain factors.

The Board's policy was to hold prices as far as possible to maintain coal's competitive position.

Figures now available show that coal held on to its market better than oil in the last year. The NCB estimates that total U.K. energy demand fell by nearly 20m. tons of coal equivalent in 1975-76 to reach 31.8m. tons of coal equivalent. But 75 per cent. of the drop was suffered by the oil industry, with coal sales going down by only 5m. tons.

Investment in coal mining rose from an annual rate of £100m. to £215m. in 1975-76.

March car  
output up  
11% on  
last year

By James McDonald

SIGNS OF a recovery in U.K. car output were reinforced yesterday by the Department of Industry figures showing an output during March of 142,612 units—11 per cent. above the level in March last year.

Production for the home market rose by 7 per cent. compared with a year ago, and output for export was 16 per cent. higher.

The Department points out, however, that output in the first quarter of this year was 6 per cent. below the relatively high level achieved in the first three months of last year.

On a seasonally adjusted basis, March car output was 121,000 units—15 per cent. above the monthly average last year—and output in the first quarter was 18 per cent. higher than in the last three months of last year. Production for the home market and for export each showed about the same proportionate increase.

Commercial vehicles output in March was 37,440, a fall of 3 per cent. compared with the same month last year, with production for the home market falling by 15 per cent. but for export rising by 13 per cent.

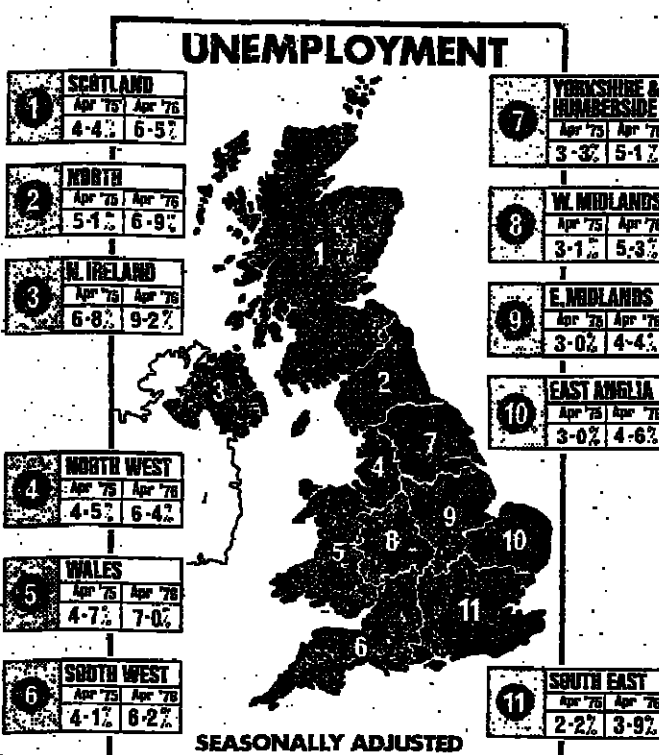
In the first quarter of the year, commercial vehicle output was 13 per cent. below the same period last year with this fall again due to a reduction in output for the home market.

On a seasonally adjusted basis, commercial vehicle output in March was 32,500 units—8 per cent. above the monthly average last year. In the first quarter of this year production was 8 per cent. above that of the final quarter of last year.

As forecast in The Financial Times on Tuesday, prices of Ford cars have been raised by an average of 4.7 per cent. from midnight last night.

A similar increase is expected soon by British Leyland, and also possibly by Chrysler. Ford's new prices (with the previous in brackets) are:

	Total including car tax and VAT
Escort	
1100 2-door	£1,514.04 (£1,416.31)
1300	
GL 2-door	£1,960.23 (£1,877.61)
Cortina	
1600 XL 4	
door	£2,384.29 (£2,188.02)
1300	£1,999.51 (£1,892.55)
Granada	
2000	£2,536.00 (£2,429.11)
Granada	
3000	£4,329.21 (£4,132.53)

Powell attack may  
anger Loyalists

BY OUR BELFAST CORRESPONDENT

A SPEECH last night by Mr. Enoch Powell, the Ulster Unionist MP, in which he said that the Unionist Coalition in Ulster no longer existed, is likely to cause a storm among Loyalist politicians.

Mr. Powell, speaking in his South Down constituency, made a partial attack on certain individual former members of the United Ulster Unionist Coalition (UUUC), whose damaging and irresponsible utterances, he said, a dangerous hindrance to the cause of Ulster in Parliament.

His remarks are being interpreted as further criticism of Mr. Ernest Buir, a deputy leader of the UUUC, who has been the most vociferous opponent of continued direct rule in the Province.

Mr. Powell, who is believed to take the view that Ulster's total integration with the rest of the U.K. is inevitable and desirable, made it clear that the true representative voice of Ulster Unionism was to be heard through the Province's MPs at Westminster.

He said, in a passage directed at the militant critics of the direct rule administration: "The Union (with Britain) is now less in danger and more secure than it has been since 1968, and possibly since further back still."

In the last few weeks and months of direct rule Ulster Unionist MPs had become the living evidence of the reality and permanence of the Union. There had been a tumult of foolish, intemperate and some-

Provisionals  
aim to defy  
rally ban

By Giles Merritt

DUBLIN, April 22.

THE PROVISIONAL Republican movement is to defy the Irish Government and push ahead with its plans for next Sunday's big rally in front of Dublin's symbolic monument to the 1916 Easter Rising, the GPO building.

There is speculation here that the Government's ban on the march may herald a clamp-down on the activities of the IRA's "political" wing, Provisional Sinn Féin.

In spite of the Government's surprise decision that marchers could be prosecuted and be liable to three months' imprisonment, leaders of the Provisionals are threatening that the much-publicised demonstration will be even larger than originally planned.

Its star speaker, Mr. David O'Connell, the alleged former IRA chief of staff recently released from jail, is to risk arrest and address the meeting. The Provisionals have apparently opted for confrontation with the Government.

Companies finances  
become stronger

BY MICHAEL BLANDEN

A SHARP improvement in the financial position of both the company and the personal sectors, coupled with a substantial rise in the net financial deficit of the public sector, are shown in the latest analysis published by the Central Statistical Office.

The "total disposable income" of industrial and commercial companies—designed as a measure of the internally generated funds available for distribution and capital expenditure—increased by over 20 per cent. last year compared with 1974.

At the same time, the exceptionally high savings ratio was reflected in a jump of about 25 per cent. in savings by the personal sector, to £10.1bn. last year. Though there was a rise in spending on fixed capital assets, this was entirely accounted for by the higher prices of capital goods.

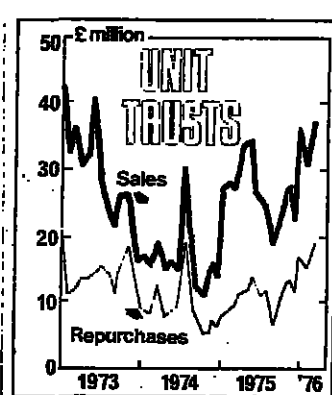
Gross trading profits—before providing for depreciation and stock appreciation—fell slightly, from £5.8bn. in 1974 to £5.5bn. However, this fall was associated with a much larger drop in stock appreciation, so that after providing for stock appreciation gross trading profits rose by £600m. to £5.5bn.

£21m. paid  
to terror  
casualties

THE NORTHERN IRELAND Office has disclosed that, since the troubles began, £21m. has been paid out in compensation to people injured in the Ulster violence and that another £15.5m. in claims is still outstanding.

March unit trust sales  
best since June 1973

BY CHRISTOPHER HILL



monthly performance since June, 1973.

Repurchases were also higher at £19.1m. against £15m. in February—also a record and the highest since January, 1973.

The overall effect was to leave net investment of £18.1m. at its second highest since January, 1973.

Unit trust groups were pleased with this performance. Save and Prosper said that it reflected increased sales from newspaper advertising in its own case, plus beneficial effects from the exchange of private company shares for units.

On the repurchase side it is felt that there was a seasonal effect of "bed-and-breakfasting" £37.2m. This was the best

Lindustries Limited  
congratulates all employees of  
**BARBOUR THREADS LTD**  
(a Lindustries Company)  
on their achievement of  
**THE QUEEN'S AWARD TO INDUSTRY**  
for outstanding performance in the field of exports





## APPOINTMENTS

## Managing Director

for an old-established Northern company engaged in extensive wholesale and distribution operations with a turnover exceeding £65m. The organisation forms part of a leading UK trading group with strong financial resources.

• THE Managing Director is responsible to the parent Board for the profitable development of the enterprise and has complete autonomy within the limits of corporate policy.

• THE prime requirement is a record of creative business accomplishment at the centre of a major trading and distribution group. Experience in using sophisticated computer-based systems for control purposes would be an important asset.

• AGE—around 40. Terms are for discussion—total remuneration is likely to be around £18,000.

Write in complete confidence  
to Dr. R. F. Tuckett as adviser to the company.

**TYZACK & PARTNERS LTD**  
10 HALLAM STREET LONDON W1N 6DJ  
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

## Marketing Director

TI TRANSPORT EQUIPMENT LTD

• A TOP MARKETING EXECUTIVE, with managing director potential, is required to join the Board of this expanding British company, part of the Tube Investments Group. The company is established as an international leader in its field with BRADBURY lifts, CRYPTON diagnostic equipment, CHURCHILL special tools and CHEMICO (France) washing equipment forming part of a comprehensive range of products and services for vehicle maintenance.

• RESPONSIBILITY embraces the full spectrum of marketing activity from product design and range through to installation and servicing. Market planning is particularly important in this rapidly changing and expanding international scene.

• BROADLY based experience within the engineering industry is the preferred background, with particular emphasis on marketing a comparable range of products at top level. A professional engineering qualification and fluency in a foreign language would be useful assets.

• AGE about 40. Remuneration will reflect the great importance the company attaches to this key appointment. Location is Daventry.

Write in complete confidence  
to J. E. B. Drake as adviser to the company.

**TYZACK & PARTNERS LTD**  
10 HALLAM STREET LONDON W1N 6DJ  
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

Chief Executive  
LIGHT ENGINEERING

for a light engineering manufacturing company which leads the market in its product range and is part of a highly successful and broadly based British engineering group.

• THE task is to manage the business, develop further profitable growth and explore opportunities for diversification.

• A RECORD of success in managing and expanding profitably a business in a related field and a relevant technical qualification are the prime requirements. Career progression will have included production experience and staff and labour union negotiations.

• TERMS to match experience and achievement are for discussion. They will include a salary in five figures and a profit sharing element. Car provided. Location—the West Country.

Write in complete confidence  
to Sir Peter Youens as adviser to the company.

**TYZACK & PARTNERS LTD**  
10 HALLAM STREET LONDON W1N 6DJ  
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

RECENTLY QUALIFIED ACCOUNTANTS  
TO £5,000 PLUS BENEFITS

Our clients, the English Division of a large multi-national organisation seek young accountants to be groomed for executive positions within the Group. The ideal candidates would be recently qualified (preferably Chartered) Accountants with good management potential. Please ring 01-229 3221 or write Beresford Associates, 178 Kensington Church Street, London, W.8.

COMMUNITY EXECUTIVES WANTED. Chartered Accountants 01-835 2377.

## WANTED

COMMERCIAL OR PROFESSIONAL opportunity sought by 45-year-old man with 15 years' experience in the field of an outstanding professional career and wide commercial experience. Write Box A 5827, Financial Times, 10, Cannon Street, EC4A 3DF.

## Managing Director

c. £9,000 + car

An able and enterprising Chief Executive is required to assume full responsibility for the efficient and profitable operation and development of a well-established light engineering company employing about 600 people in the Midlands. The Company which is part of a well-known British Group, manufactures and sells high volume proprietary components and sheet metal fabrications which have an excellent market reputation. The selected candidate is likely to be aged 40-45 with a successful record of general management including full profit responsibility for an engineering company of comparable size. Familiarity with modern management controls is important and up-to-date knowledge of sheet metal working techniques would be an advantage. Starting salary is negotiable around £9,000, a car is provided together with other benefits including a profit bonus and generous relocation assistance.

Please write in confidence or telephone M. Lomas for a personal history form quoting reference L/855/7.



**P-E Consulting Group Limited** Appointments Division  
Wick Road, Egham, Surrey TW20 0HW. Tel: Egham 4411

COMPANY  
NOTICES

**KINGDOM OF DENMARK**  
8% 1971/84 UA 25,000,000  
NOTICE IS HEREBY GIVEN to bondholders of the above-mentioned Bonds that the amount redeemable on June 25, 1976, i.e. £4,200,000 was bought in the open market.  
Amount outstanding: UA 21,000,000  
Luxembourg April 23, 1976  
THE TRUSTEE  
FINIMTRUST S.A.

**JAMES BEATTIE LIMITED**  
NOTICE IS HEREBY GIVEN that the first Mortgage Redemption Stock 1936-50 of the Company will be issued from the 1st to the 15th May, 1976 both dates inclusive.  
By Order of the Board  
G. T. LOWRIE  
71-73 Victoria Street, Westminster, London W1B 1AF

**JARDINE SELECTION N.V.**  
NOTICE IS HEREBY GIVEN that the third annual meeting of Jardine Selection N.V. will be held at the offices of the company, John A. Gardinweg 8, Willem, 2500 CA Schiedamschen, on 24 May 1976 at 10.00 a.m. to receive the directors' report and statement of accounts for the year ended 31 December 1975 and to transact any other business of which notice has been given. Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his or her stead at the said meeting.  
By Order of the Board  
Nicolette T. van Marck  
Nederlandse Handelsscheepvaart N.V.  
John A. Gardinweg 8, Willem, 2500 CA Schiedamschen, Netherlands Antilles

23 April 1976.

**THE RIO TINTO-ZINC CORPORATION LIMITED**

NOTICE  
To holders of Shares of the Corporation  
NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Annual General Meeting to be held on 19th May, 1976, a final dividend of 1.75 pence per share will be paid on 1st July, 1976, in respect of the year ended 31st December, 1975, on the issued Ordinary Shares of 25p.

The Corporation tax system which came into force in the United Kingdom on 1st April 1976, will require that the dividend payable to shareholders resident in the United Kingdom will carry a tax credit equal to 10% of the dividend (equivalent to 35% of the total dividend). The Corporation has agreed to provide a double tax agreement so that shareholders resident in the United Kingdom will obtain a tax credit against which some United Kingdom tax may fall to be set off.

Payment of the dividend will be made in the case of holders of Shares in the United Kingdom on or after 1st July, 1976, after presentation in accordance with the Exchange Control Act, 1947, of a document No. 31 at any of the authorised offices:

The Rio Tinto-Zinc Corporation Limited (Registered Office)  
6, St. James's Square, London SW1Y 4LD.  
The Rio Tinto-Zinc Corporation Limited (Transfer Office)  
Central Securities Limited  
1, Redcliffe Street, Bristol BS1 6NT.  
1, Rue Lafayette, 75009 Paris, France.  
2, Rue de la Banque, 1000 Brussels, Belgium.  
Banque Generale de Luxembourg S.A., 14 Rue d'Alger, Luxembourg S.A., 11, Boulevard Grand-Duchesse Charlotte, Luxembourg.  
Banque de Commerce S.A., 11, Rue de la Banque, 1000 Brussels, Belgium.  
CH 4002 Zurich, Switzerland.  
Bahnhofstrasse 45, CH 8001 Zurich, Switzerland.  
Credit Suisse, Paradeplatz 8, CH 8001 Zurich, Switzerland.

Dividends which must be stated on special forms which can be obtained on application to the Corporation or any of the above offices, may be deposited on or after Monday 21st July, 1976, with the Corporation or any of the above offices for payment in the United Kingdom must be left FIVE CLEAR DAYS for clearance.  
Shareholders should note that under the Companies Act, 1947, provision is made for the forfeiture of the above dividend if not claimed within twelve months from 19th May, 1976.  
By Order of the Board  
Y. H. FRANCIS-SMITH, Secretary.  
6, St. James's Square, London SW1Y 4LD.  
23rd April, 1976.

## LEGAL NOTICES

No. 001317 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division  
In the Matter of SHIRLAND MODELS (LONDON) LIMITED and in the Matter of the Companies Act, 1947.  
NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named company by the High Court of Justice was on the 7th day of April, 1976, presented in the said Court by UNITED MERCHANTS & MARINE ASSURANCE CO. (U.K.) LIMITED whose registered office is at 10, Abchurch Lane, London EC4N 3DF. The Petitioner is directed to be heard before the Court sitting at the County Court of Justice, Strand, London, W.C.2A, on the 10th day of May, 1976, and any creditor or contributory of the said company desirous to support or oppose the making of an order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said company requiring such copy on payment of the regulated charge for the same.  
HERBERT OPPENHEIMER,  
KATHAN & VANDYK,  
20 Cornhill Street,  
London WC1R 3ET.  
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to the above-named solicitor in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm and must be served on, or sent by post to, the above-named solicitor on or before the 7th day of May, 1976, and must be served, or, if posted, must be sent by post, on or before the 7th day of May, 1976, and must be served, or, if posted, must be sent by post, on or before the 7th day of May, 1976, and must be served, or, if posted, must be sent by post, on or before the 7th day of May, 1976.

**ROBERT SAVILL LIMITED**  
NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a general meeting of the company will be held at Winchester House, London, EC4A 3DF, on the 30th April, 1976 at 12 noon to receive the directors' report and statement of accounts for the year ended 31st March, 1976, and to transact any other business of which notice has been given.  
By Order of the Board  
R. CRAWLEY, Director.  
Dated this 14th day of April, 1976.

## PUBLIC NOTICES

**TORBAY BOROUGH**  
£50,000, bills placed 2.2. April 1976 due 21st July 1976. £10,000 of these are the only bills outstanding.

**DERBY BOROUGH COUNCIL**  
BILLS  
£1,150,000 due 21st July 1976, issued 21st April, 1976 at an average rate of 5.25-6.45%. Applications totalling £28,000,000. These are the only bills outstanding.

**WOLVERHAMPTON METROPOLITAN BOROUGH COUNCIL**  
BILLS  
Issued 21 April 1976 £3.5m. Bills due 20 October at 8.5%. Applications totalling £28.7m. Total outstanding £3.5m.

**THE WINCHESTER BUILDING SOCIETY**  
NOTICE IS HEREBY GIVEN that the rate of interest on share and deposit accounts will be reduced from 10% to 8% from 1st June 1976. Accounts opened on the basis of fixed rate for 12 months period and also 50% service charge are not affected.  
E. FAULKNER  
General Manager.  
Usque Bond Street, Winchester.

**LOCAL AUTHORITY 91 DAY BILLS**  
were issued on 19th April, 1976 at 10.5%, all of which were the only bills outstanding.  
Authority: Chertseyham amount issued £2,100,000. Total Application £10,000,000.  
Authority: Digham amount issued £2,100,000. Total Application £10,000,000.  
Authority: Bath amount issued £400,000. Total Application £2.4m.

## CONTRACTS

Lowton's  
£2m. work

**LOWTON CONSTRUCTION**  
GRUPP has been awarded three contracts totalling more than £2m. The largest, worth about £1.2m, is for the construction of 310 dwellings at Penwortham for the Central Lancashire Development Corporation. The company is also to build 87 houses, worth £271,187, for the City of Liverpool at Crossfield Road and 43 units in a three-storey block at Rock Ferry, valued at £432,290, for Merseyside Improved Homes.

**HAMPSHIRE CONTRACTORS**, has won a £1.2m. contract from the East Hampshire District Council for construction of houses, flats and retail outlets at Headley Down, near Hindhead, Hampshire. The development consists of 115 two-storey houses, 14 flats for senior citizens and three shops together with roads, sewers, a pumping station and ancillary works.

"We are confident of increased profits for 1976."

In his statement to shareholders Mr. T. W. Hibbert, Chairman and Managing Director, reports: For the second year in succession trading conditions have been extremely difficult. Group profits for the year ending 31st December 1975 before tax are £862,624 (1974 £820,845). The total dividend for the year of 1.3p per share is equivalent to 8% Gross (1974 13.55% Gross).

The results for the second half of the financial year indicate that the worst of the recession has passed. The Board is continuing to rationalise production, effect savings and control costs where possible.

Because of an aggressive marketing policy we now export yarns to 24 countries and this accounts for

37.38% of Group turnover. We expect increased contribution to profits in markets in the future.

The new spinning unit at Lower Shipley, is nearing completion. Its development is completed the Group has one of the most modern spinning countries.

There are now indications that conditions will improve. We have already been made expanding export market the end of this year we contribute to profits in plant. The Group has a improved order book a confident of increased



## British Mohair Spinners

New Issue  
April, 1976

This advertisement is as a matter of record



## European Economic Community

US-\$ 500,000,000

7½% Notes of 1976/1979

Deutsche Bank  
Aktiengesellschaft

Banque Arabe et Internationale d'Investissement (B.A.I.I.)

Algemene Bank Nederland N.V.

Banque de Paris et des Pays-Bas

Kidder, Peabody International Limited

Société Générale

Commerzbank

Amsterdam-Rotterdam Bank I

Credit Suisse White Weld Limited

Manufacturers Hanover Limited

Swiss Bank Corporation (Overseas) Limited

Union Bank of Switzerland (Securities) Limited

This advertisement is issued in compliance with the Regulations of the Council of the Stock Exchange and is not an invitation to any person to subscribe for or a solicitation of any offer to purchase any share capital of the

## CANNOCK AND COMPANY, LIMITED

Incorporated in Ireland, Registered No. 677, under the Companies Act, 1962

## SHARE CAPITAL

Authorised  
£250,000

Ordinary Shares of 5p each

Issued  
£203,07

Application has been made to the Council of the Stock Exchange for the issued Share Capital of Cannock and Company, Limited to be re-admitted to the Official List - Irish.

Particulars are available in the statistical service of Eitel Statistical Services Limited and may also be obtained from:

Irish Intercontinental Bank Limited  
91/92 Merrion Square, Dublin 2

Henry Cooke, Lumsden & Co.  
City Wall House, 14/16 Finsbury Street,  
London E.C. 2Y 9 DR

Dudgeon  
25 Suffolk Street, Dublin 2,  
and The Stock Exchange



## HOME NEWS

## C rates plan for Fleet line

INDUSTRIAL STAFF

LONDON Mr. Kenneth Robinson, chairman of the Fleet Line, yesterday gave full support to the extension of the Fleet line but made it clear that the project could not be included in the authority's normal capital budget.

All the capital available would be required to maintain the efficiency of present services. The annual report shows that two fare increases in 1974 contributed to an overall 2.5 per cent drop in passenger journeys. However, the relatively higher rise in rail fares caused a substantial transfer of passengers to buses. Underground journeys fell 5.4 per cent, compared with 1.3 per cent on buses.

Mr. Robinson was fairly optimistic about the general financial outlook for London Transport. There were no indications that further fare rises would be needed this year after the planned 25 per cent summer increase in bus and tube tariffs.

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London Transport pointed out that the building of the new underground could not be justified on strictly commercial criteria, but had to be considered in the planning context of the opportunity provided to redevelop 5,000 acres of dockland.

The proposed extension would take the Fleet line from the Strand, through the City to Fenchurch Street, under the river through London and Surrey docks and on to Beckton and Thamesmead.

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## Boost for BBC sales of TV abroad

By Arthur Sandles

SALES ABROAD AND IN BRITAIN OF BBC products as television programmes, records and materials for exhibitions topped £7m. in the past year, £2m. more than in the previous year.

With other British television organisations also reporting considerable sales success abroad it is increasingly clear that Britain is nudging out the U.S. as the world's major supplier of non-fiction television material.

The world's television show-makers and buyers are gathering in Cannes at the moment for the international sales convention for the industry.

Mr. Peter Dimmock, managing director of BBC Enterprises, said there that last year some 80 countries bought 9,000 hours of programming from the BBC. Although the largest buyers were Commonwealth countries and the U.S., Enterprises made an increased impact in markets all over the world.

Mr. Roy Gibbs, Enterprises' senior European sales representative, is content that at Cannes he will find sales negotiations to many European countries and spread further what has been called in the U.S. Press "The Great British Video Invasion."

Expected to sign are: West Germany for "David Copperfield," "The Legend of Robin Hood" and "The Ascent of Man"; Holland for "The Angels" and the latest "One Line" series; Sweden for "Explorers," "The Brothers" (Series Six) and "Fawcett Towers"; Denmark for "Explorers" and "The Legend of Robin Hood"; Finland for "The Brothers" and "The Legend of Robin Hood"; and France for "The Ascent of Man."

Mr. Dimmock also reported encouraging increases in all other trading divisions of BBC Enterprises.

## Benn backs union role in policy making

By Chris Saur in Perth

MR. ANTHONY WEDGWOOD BENN, the Energy Secretary, yesterday defended the practice of bringing trade unions into the process of policy-making in evolving the Labour Government's economic strategy.

Speaking to delegates at the Scottish TUC's annual congress in Perth, he said: "Those who argue that this close association by-passes Parliament should be reminded of the immense and sustained public and private pressure that big business and finance has always brought to bear on all Governments in Britain."

That power had been exercised entirely outside Parliament — "a practice we do not intend to follow."

Organised labour was entitled to at least as good a say as capital, he said, adding that the social contract was not just a new phrase for a pay freeze, but a solemn manifesto commitment to carry through jointly, a wide-ranging programme of economic, social and political reforms as an integral part of policies to deal with unemployment and inflation.

Consultation

The Energy Secretary was addressing a conference which had earlier demonstrated some grave misgivings about the continued viability of the social contract and the union-Government consultative process.

One of the Government's closest allies, the General and Municipal Workers' Union, lodged a bitter complaint about the failure of Government to consult before key decisions were taken on expenditure cuts.

The union has been spending much of its time in the past few months reminding the Government of its obligations under the social contract, and the union's representatives at the conference had been asked to consider renewing industrial action in protest at what they saw as inadequate union efforts to satisfy their grievances about lack of representation on the company's national negotiating body.

They had decided to await the outcome of talks on the trade union side of the body in London on Tuesday, but a spokesman for the union said yesterday that these talks had been inconclusive.

Official union representatives split in the negotiating committee. According to the Transport and General Workers' Union yesterday they are moving towards acceptance of modified TGWU proposals for expanding



Ashley Ashworth

Mr. Joe Gormley, president of the National Union of Mineworkers (left), and Mr. Jack Jones, of the Transport Workers, at the second meeting of the European Trade Union Confederation in London yesterday.

Mr. Jones urged delegates representing 36m. workers from 17 European countries to unite in pressing for a 35-hour week.

The underlying trend towards higher unemployment during the past two decades required radical action, he said.

"Of course we need growth, but growth in itself will not satisfy the problem of reducing unemployment," Mr. Jones stressed.

Mr. Jones produced figures from U.K. industry over the past 17 years which showed that when normal working hours were reduced, actual hours worked also fell. This

counters the argument that a shorter working week would merely produce more overtime working.

A shorter week had been achieved in other countries without crippling costs to employers. "This advance could be a real stimulus for raising both output and employment."

A European campaign for the 35-hour week would have the additional benefit of uniting the trade union movement in pursuit of a clear aim.

Earlier, Mr. Len Murray, TUC general secretary, told the conference that European countries in strong creditor positions should take the lead in stimulating "orderly refutation." He said West German trade unionists were sympathetic to this point of view.

Growth and employment targets should be set and monitored by the EEC standing committee on employment, which would need to meet at least quarterly.

EEC countries should not be afraid to impose temporary, selective import controls on goods from countries such as Japan, with which the EEC had a balance of payments deficit of £1bn. a year.

"We cannot close our eyes to this problem, because many of us face acute balance of payments problems, which could perpetuate unemployment, unless action of this sort is taken."

Mr. Murray proposed closer control of multinational companies and an expansion of the EEC regional and social funds, with stronger trade union participation and supervision.

## use price 'explosion' possible

JEL CASSELL, BUILDING CORRESPONDENT

There was more movement in the house-building market yesterday, but the price explosion which was possible, Mr. Cassell, chairman of the Housing Society, said.

Liquid funds amounted to more than £7m., or 20.5 per cent, of total assets. The average loan last year was £7,956 against £7,099 in 1974, a rise of just under 12 per cent. Mr. Bell said that this was in stark contrast to the 25 per cent increase in the retail price index over the same period and

demonstrated that, in spite of the high level of advances made by societies, the increase in house prices was substantially below the general inflation rate.

Mr. John Porter, chairman of the Hastings and Thanet, told his annual meeting that as the special advance limit for lending had been raised from £13,000 to £20,000, it would not be unreasonable for the limit on which the relief was available to be raised from the present level of £25,000.

"We must all guard against the sort of price spiral which destroys the present delicate balance in maintaining an active, yet orderly housing market."

An excessive supply of credit was an important factor in pushing up house prices and building societies were the major source of credit for house purchase.

Mr. Freeson told the Metropolitan Association of Building Societies in London that although the rate of advance appeared to be relatively stable, there was still need for caution.

Minister calls for caution

ANOTHER EXPLOSION in house prices must be avoided at all costs, Mr. Reg Freeson, Minister for Housing and Construction, said yesterday.

Mr. Freeson told the Metropolitan Association of Building Societies in London that although the rate of advance appeared to be relatively stable, there was still need for caution.

Phillips consortium's first well hits oil off Aberdeen

BY RHYS DAVID

A FIRST WELL drilled by a six-member consortium headed by Phillips Petroleum has produced another North Sea oil discovery in a block 110 miles north of Aberdeen in the U.K. sector.

The discovery, made by the Ocean Rover semi-submersible drilling rig, is 50 miles west of the consortium's Maureen field, where oil was discovered in 1973, and midway between the Forties and Piper fields.

The group said last night that further drilling would have to take place before the significance of the find could be assessed. The further tests will determine whether or not the find is likely to prove commercial.

Phillips has a 34.78 per cent stake in the consortium. Other members are Fina (28.86 per cent), Agip (17.25 per cent), Century Power and Light (9 per cent), Ultramar (6 per cent), and British Electric Tractrol (5 per cent).

Phillips said yesterday that each production test of several turbines and sand zones in the well in block 16/27 had recovered 100 barrels per day of 39 degrees API oil through a one-inch choke. The discovery was made at 10,040 feet in a water depth of 480 feet.

Phillips is already a big North Sea oil producer through the Norwegian sector's Ekofisk field, in which it has a 37 per cent interest.

The company is producing oil at a rate of 325,000 barrels per day from the field, which is connected by a 230-mile pipeline to a terminal at Teesside.

The company has also found oil in the U.K. sector in the Andrew and Mabel fields, though in both these cases the flow rate in tests was lower than in the latest find. The discovery comes only weeks after the announcement of a £147m. rights issue by Ultramar, one of the partners in the group, designed to raise additional capital to finance continuing spending in the North Sea and other exploration areas.

The company, which is based in Britain with extensive interests in Canada, has a 6 per cent interest in the Maureen field, and through membership of the same, Phillips-operated consortium, but no decision has yet been taken on when this field should be developed.

More pipeline

About 1,000 miles or more of pipeline may have to be added in the North Sea to bring oil and gas to Britain, Norway and the continent, says a report today by Wood Mackenzie, the stock

brokers.

Still in hospital

Eight of the 10 men who narrowly escaped death on Wednesday when their helicopter bounced off the BP oil rig Highland One on to a crane barge still in hospital yesterday. Two are badly hurt.

Textile chief dies

Mr. George B. Fielding, director of the Manchester-based U.K. Textile Manufacturers' Association until its reorganisation as the British Textile Employers' Association in 1969, and a noted textile negotiator, has died aged 67.

Direct Works

Manchester's Direct Works Department was described yesterday as an organisation that could do the job more cheaply and quickly than its competitors despite political controversy over its performance compared with the private sector.

Dearer cement

The Price Commission has authorised a second rise in cement prices this year. Prices will rise by 2.75 per cent, on May 1.

£1m. raid insurance

Claims for more than £1m. insurance are likely to affect the London market from the robbery at the Melbourne Turf Club, now thought to total about £3m., in which machine-gun bandits swooped while bookmakers were settling Easter holiday racing bets.

Low-tax defence

Defending the Channel Islands' low-tax policies, Mr. Edward Collas, President of Guernsey Advisory and Finance Committee, said the inflow of foreign funds had a directly favourable effect on the U.K. balance of payments.

Warrent sold

Perstorp, the Swedish chemical company, is to acquire from Bakelite Nylonte its Warrent decorative laminate business at Newton Aycliffe, Co. Durham.

Regional aid hit

Lord Seaborn, Chairman of the Industrial and Commercial Finance Corporation, said

## Metro Cammell hopes for £25m. Tyneside order

THE TYNE WEAR Passenger Transport Executive is likely to order a £25m. contract with Metro Cammell, the Midland-based tram-makers, to build a new tram system which will operate on the Tyneside Metro rail system.

A quick settlement is expected in the executive's battle with British Rail for control of the £150m. system, which would allow Tyne Wear Council officially to sanction the contract at a meeting next week.

The vote would be a formality if talks in York today between British Rail and the executive were successful. The 500 Tyneside railwaymen will meet tomorrow to decide whether to continue backing construction work on the Metro because of the new development.

Outpatients' appointments and non-urgent surgical sessions were cancelled in the Oxford region yesterday, as the result of a two-day strike by some doctors against Government plans to separate private practice from the National Health Service.

At the same time, auxiliary health service workers in the Reading area began a boycott of services to private patients in two hospitals, designed to last to the end of the month, and then to the end of the year.

The ancillary workers' action seemed likely last night to be suspended today. A meeting to discuss the situation, led by General and Municipal Workers' Union staff, was scheduled for today, to clarify the situation.

The "boycot" meant that "special arrangements" had to be made for private patients meals, but otherwise the patients were not materially affected.

Doctors in the Oxford region in the specialties of surgery, gynaecology and anaesthetics have been asked to strike for two days, although not to stop treatment of emergency cases.

The Oxford situation may also be mirrored in other parts of the country, where Oxford developments are being kept under close scrutiny.

Cost account index

Central Statistical Office published a booklet of price index numbers for organisations exporting to the EEC, based on current cost accounting proposed in the Sandilands Report.

Cancer unit gift

Cancer unit costing £300,000 at Mansfield Hospital, Northampton, was handed to the area health authority by the National Society for Cancer Relief, which raised the money.

Cable shift probe

South Wales Electricity Board faces a public inquiry on its application to re-route 180 metres of overhead line near the Green Dragon Inn at Llanedochy, South Glamorgan, to make room for new building. The local council wants the line underground.

Oil leak drill

Oil will be assumed to be leaking from a tanker anchored off Holyhead in an anti-pollution exercise off the Anglesey coast next Wednesday.

BANK RETURN

Wednesday, Dec. 14, 1975

BANKING DEPARTMENT

LIABILITIES

Capital

Public Deposits

Special Deposits

Bankers' Liabilities

Assets

## Hospital staff likely to end pay bed ban

By Donald Maclean, Industrial Staff

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LIABILITIES

Capital

Public Deposits

Special Deposits



# The Property Market

BY QUENTIN GUIRDHAM

## Housing Corp. takes half Maple House

At last, some good news for shareholders of Maple Macowards, the retail group which, under the influence of the now failed Jessel Securities (20 per cent. shareholders) pinned its hopes on one major redevelopment scheme. Some 41,000 square feet, nearly half the office space in that still uncompleted development, Maple House, in Tottenham Court Road, London W1, has been let. The tenant will be the Housing Corporation, the Government's "third arm" of the housing sector.

Matthews and Goodman acted for Maple Macowards and Hillier Parker May and Rowden for the Housing Corporation in negotiating the lease on the fifth, sixth and seventh floors. The rent is a secret, but a clue might lie in the price being asked for the remaining three floors: £5.50 per square foot for units of 8,000 square feet upwards.

The whole of the ground floor is retail space and the first floor is showroom use. The British Carpet Manufacturers were showing interest here, but there is no definite commitment yet. The Housing Corporation has been looking for new space for quite a long time, wanting to bring under one roof what cannot be accommodated in the present base at Sloane Square. That it has chosen Maple House before it is even complete

(though perhaps because of the financial condition of Maple Macowards) the property has been strenuously marketed, says something for the quality of the building and also the good tube and rail communications at the top end of Tottenham Court Road.

The letting takes the development closer to their intention of letting and selling the building, but Maple Macowards has a long way yet to go. Back in the 1973 report, the chairman was saying that he had already been advised that the development was worth in excess of £15m. and would have a fully let value "well in excess of £25m."

The last word, earlier this year, was that a £2m. provision might be needed against a book value of £16.3m. Even that might not be considered enough.

In supporting the development, Maple Macowards has reached the point where it could not meet an improved trading position, meet a tiny dividend on its Preference shares, and, although shareholders have now approved the necessary changes, it breached its trust deed on a loan stock by selling some regional stores and had to ask for higher borrowing limits.

Stenhouse Holdings has made one large property boob, the purchase and sale of Dominion House in the City, and the Stock Market has been slow to forgive the group for that mistake as it has for mixing international insurance broking revenue with Scottish industrial interests. But

now Stenhouse has shown there are swings and roundabouts in property, and while much else may be going down around in circles, Glasgow offices are decidedly going up.

Stenhouse has entered into an agreement to sell its freehold at 148 St. Vincent Street for £1.7m., payable next month. Apart from cutting borrowings, and trying to ensure that Stenhouse can keep its Reed Shaw Osler shareholding to £4.47 per cent. even if that group wants to expand by share acquisition, this deal casts some light on the popularity of Glasgow with investors.

The lease, to A. R. Stenhouse and Partners, a Reed Shaw Osler subsidiary, has 24 years to run with the next five-year review in July 1980. The annual rent now is £88,000.

The building, refurbished in mid-1974, and partly air-conditioned, is in a prime location. With the current rental at around £3.80 per square foot, what did the purchaser consider the current market rent, granted that the £55,000 a year was arrived at only last year on what, despite the relationship between landlord and tenant, was fixed at a normal open market value?

Between £3.10 and £3.20 per square foot is probably the right area, with the potential for further gains clear: new air-conditioned space in the business area is at above £4 per square foot. It is thought that even the Bank City Wall letting to the British National Oil Corporation, despite being decidedly off-centre and a 60,000 plus square feet building, went at a mixture of around £2.75 per square foot and £3.

But even granted growth assumptions and an equated yield of 5.18 per cent. The sale

by tender had several funds on the books, before being knocked down to a pension fund client of Healey and Baker, thought to be the Coal Industry Nominees.

Stenhouse (agents Richard Ellis) has chosen to announce the details. There are thought to have been other, less publicised purchases in Scotland

where, even if the property was not quite as plum as this—right size, good covenant, very good location—yields have gone nearly as low.

Where Glasgow goes from here is an exciting question, granted that as well as a shortage of new space for letting there is also a shortage of potential purchasers of the best properties.

And Glasgow is rising from a fairly low base, the book value of £300,000 on the St. Vincent Street building being arrived at adding refurbishment costs to a 1963 purchase price.

No such hopes underpin Stenhouse's other major property, the 45,000 square foot Dominion Building in South Place, London E.C.2. Stenhouse bought



Above is the Neally Madrid building where Jones Lang Wootton's Paris office has negotiated one of the largest recent lettings in the western sector of Paris. The tenant is the French group CMP, which has taken 4,300 sq. metres in parts of two rear buildings at close to Frs.650 per sq. metre. Elsewhere in the area there has been some fairly savage price-cutting down to around Frs.500 per sq. metre, but developers Commercial Union seem to have been right to stick out, during the eight months the building has been on the market, for the higher rate. They are talking of Frs.750 on the facade section of the remaining 5,600 sq. metres. J.L.W. which reports a very changed market, has also let the whole 2,500 sq. metres of a London and Overseas building in the Rue Bergere within a month, where the Dasse group is the main tenant at rents of Frs.525 per sq. metre. A third letting by the agents is of 500 sq. metres of Lewston International's 10,000 sq. metre complex at Charenton. This is little enough, but any letting in the eastern sector is a bonus, and this one is at the good figure of Frs.665 per sq. metre, and the tenants are treating it as a pilot scheme with the possibility of taking the whole property. It constitutes the last major involvement of Lewston International SA, the still trading subsidiary of the British parent company now in liquidation.

The Financial Times Friday April 23 1976

as building losses, capitalisation on other employees, etc. What the review suggested was some arrangement to allow the occupier to be identified at a later stage. Approval of the occupier before building begins, rather than tenant before, starting on the process of obtaining ODE and planning permission would, the review says, "reduce the risk of abortive expenditure of resources on a building for which an acceptable tenant could not be found. Indeed, in the present conditions the risk would not arise because funds would not be forthcoming until a good 'covenant' had been found."

In October 1974, now facing a £3m. valuation, Stenhouse Holdings sold Dominion Buildings to the Stenhouse and Partners for £3.7m. Stenhouse also took a head-lease on the building from Reed Shaw Osler at £550,000, and allowing for the deficit this produces on present rental income, Stenhouse took its medicine with a £2.7m. loss after tax on its idea of buying a London office freehold. The rents on the various sub-leases have to rise above the £14 a square foot Stenhouse is paying before the gap closes. Perhaps Reed Shaw Osler will be paying £14 per square foot for St. Vincent Street, Glasgow before that happens.

## How the ODP system might change

THOUGH HE turned down various alternatives to Office Development, Permit controls when announcing the extension to 15,000 sq. ft. John Sullivan, Minister for Planning and Local Government, said he would welcome views on the possibility of modifying the present system.

The basis for discussions will be the Office Location Review prepared by the Urban Affairs Division and Commercial Property Division. The change suggested in the review is described there as "importing into the ODP system some of the advantages of the occupation permit system." The review favoured against the other ODP alternatives, such as building losses, capitalisation on other employees, etc.

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## OUT AND ABOUT

● J. Coral Estates has sold 130,000 square feet of warehouse, tenanted by P. & C. Cambridge and Laxton on its Cambridge Lane, Cambridge estate, to be the Office Location Review prepared by the Urban Affairs Division and Commercial Property Division. The change suggested in the review is described there as "importing into the ODP system some of the advantages of the occupation permit system." The review favoured against the other ODP alternatives, such as building losses, capitalisation on other employees, etc.

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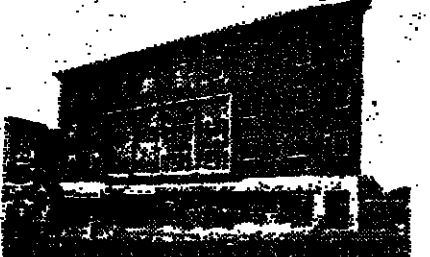
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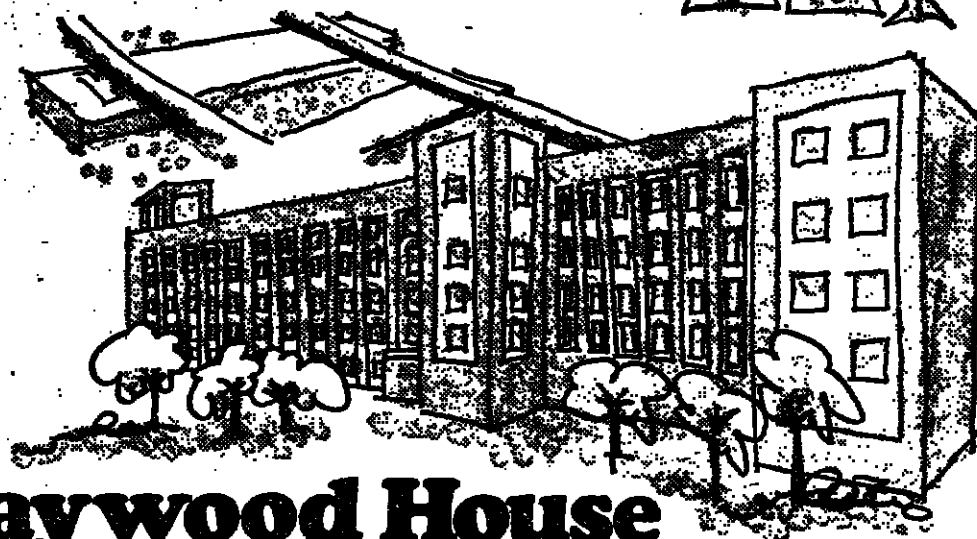
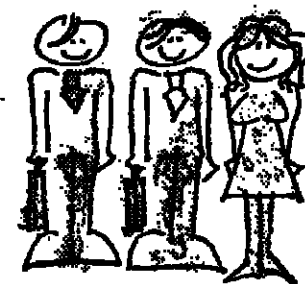
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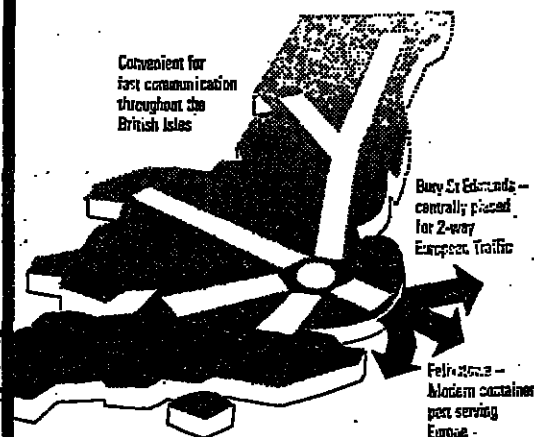


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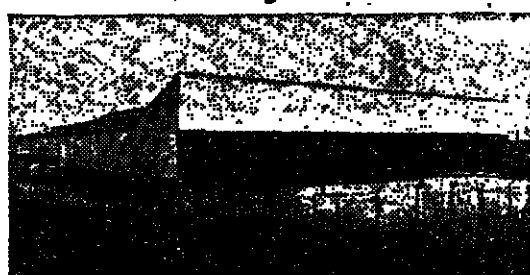
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synopsis and date are set out below.

DATE: Monday, 17th May, 1976

### 1. Introduction

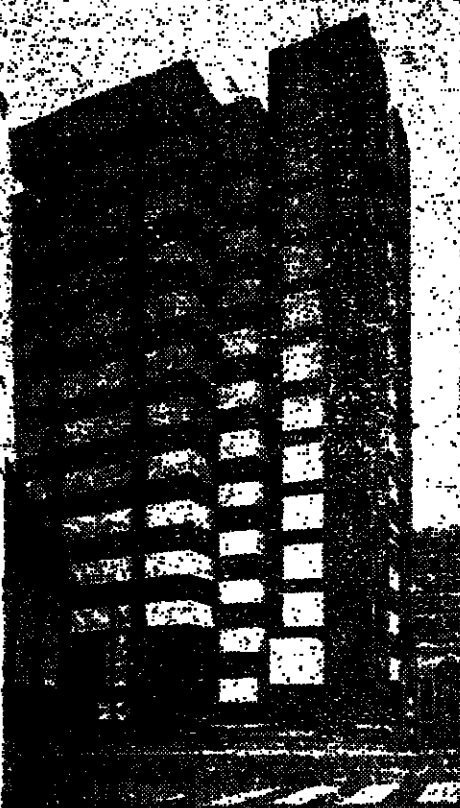
World property markets have recovered a period of uncertain investment value space demands. Among the stronger rate of development projects is again. But, particularly among the weaker economies of the last boom remain. Seven underlines the



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## PROPERTY IN THE SOUTH WEST II

## Plenty of office space

KET for office space in the South West has been the sharp drop in demand by recession. The private sector cut back on expansion or development. Local and regional government have been slow to build new office space during 1972-73. Public expenditure on office space has been cut. Private sector will be slow to build new office space in the middle term, with very few new developments being started.

In Exeter, Haarer and Goss say that while £1.20 per square foot has been obtained on a handful of small units there has, on larger properties, been a resistance to breaking through the £1 per square foot barrier. In Bournemouth, Goadsby and Harding report one of the strongest moves against the national trend, saying that in the past nine months "the level of demand for industrial space has been unparalleled". They already see a severe shortage of industrial and warehousing space in some areas.

## Local

The basis of this demand has been in small units, often for local companies. On the West of England, the units go as low as 800 square feet, and it is in the sub-3,000 square foot range that rents up to £1.50 have been obtained. What may be more surprising is the number of larger lettings, to some top covenants, and this has kept rents on the 3,000 to 5,000 square foot units in the area as high as £1.25 to £1.30, and on new

10,000 to 20,000 square foot units to around £1.10. One major industrial letting just completed on an older building is the 35,000 square foot gross taken by Ashford Controls, a Petrochem subsidiary, at Creekmoor, Poole. The company has taken a sub-lease from a Sir Joseph Causton subsidiary, paying no premium on the £28,500 a year rent.

There are signs that developers are starting to trust the level of industrial demand around Bournemouth. Goadsby and Harding say a number of provisional sales of industrial land have taken place in the last two months.

On the office front, at present, the Bournemouth area, split into three office centres in Lansdowne, County Gates and Poole, presents a very different picture. There has been a fairly hectic expansion of office space since 1970 and, while the undoubted attractions of the area remain, there is now some nervousness about the lasting appeal of County Gates and Poole now that the initial reason for their popularity, the Office Development Permit boundary, has gone.

The test case is probably the 80,000 square foot Old Orchard block at Poole, development of which was taken over by the Electricity Supply Nominees. There is interest here from one tenant for the whole block, and from another for around half of it. Perhaps the main question mark here, and for Tarmac's smaller Robert Rogers House (for which there is a provisional letting of the top floor at £4 per square foot) is the strength of the Poole clerical labour market. The

effect of this on Barclays Bank International's 457,000 square foot block will be watched closely.

At County Gates, there is space still in Fizzell House and Marler House, but it is in Bournemouth itself that most of the blocks around 35,000 square feet are available, the deal where Abbey Life last year bought the Abbey Property Bond Fund's development for its own occupation having taken the only bigger unit of the market.

## Rents

Again, there are a number of negotiations in progress, with asking rents of up to £4 per square foot, Compton House being one block which may go off the market soon. The failure of Amalgamated Investment and Property means that the 34,500 square foot Oxford Road development and the proposed Riverside scheme, where there is planning consent for 200,000 square feet, have to find new owners. But the level of approaching 1m. square feet vacant in the whole Bournemouth area does not appear to have undermined confidence.

Among the newer schemes are Heron House, in Lansdowne, where the National Westminster will take the basement and ground floors, leaving 40,000 square feet ready for occupation by next summer. Laing is to build 19,000 square feet at Parkstone Road, Poole; and also in Poole there is a site with planning permission for 60,000 square feet just being marketed. Exeter has only around a

quarter of Bournemouth's office space on the market, and the Southernhay West letting to London and Manchester Assurance, following the nearby letting of Sun Alliance's 85,000 square feet scheme to a variety of tenants, including the council, has emphasised the strength of demand. But some smaller blocks are clearly of an awkward size, too small for a relocation but too large for regional headquarters. Hence, while Musgrave House went for £2.25 (to the Water Board), smaller schemes in Dix's Field and Mary Arches Street remain unsold.

Bristol, as the region's major office centre (with around 7m. square feet of offices it ranks sixth in the country outside London, and in terms of new construction has been within the top three over the past two years) also has the biggest problem. It has gained from some substantial relocations, but these are now some time in the past, and in the last year both Gloucester and Cheltenham have edged rather better in this respect.

With 600,000 square feet plus available now or shortly, most of this is accounted for by four major blocks—Tollgate House, Whitefriars, Temple Colston and Intercity. There is every likelihood of a major government letting taking one of these off the market soon, but the other three will demand substantial tenants.

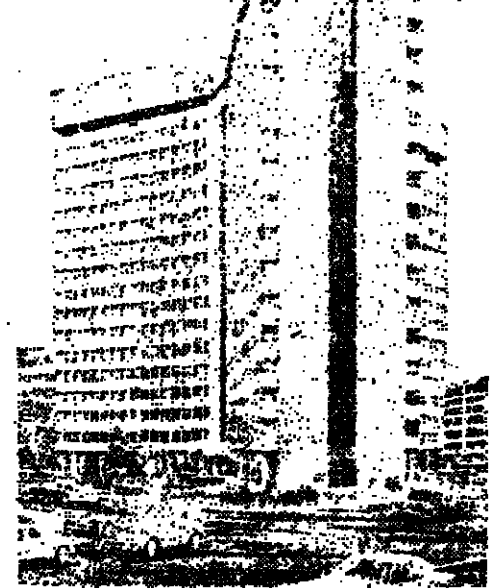
The appeal of these, apart from the communications and environmental attractions, on which Bristol's office growth has been built, lie at present in the shortage of large blocks

down the M4 and rail links to London. You reach Swindon before finding anything over 50,000 square feet available. It can also be argued in Bristol's favour that the labour supply, which has certainly put off some potential movement to the city over the past three years, is now back in balance.

Whitehall's Office Location Review, just published puts the cost for a secretary/shorthand typist in Bristol in 1975 at £1,599, with the rent and rates attributable to her at £400 for a prime air-conditioned office and £263 in secondary non-air conditioned space. The totals of £1,999 or £1,862 still leave a healthy gap to the London totals, estimated at £4,797 and £3,235.

Once the private sector regains confidence to make long-term relocation decisions, Bristol's office glut could disappear swiftly.

Quentin Guirham

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## Housing market picks up

In the last few weeks, potential for residential development was already under way. Admittedly, sufficient confidence in buying has been returning to enable some partially completed developments to enter their later phases rather earlier than might otherwise have been the case, but little that is completely new has been appearing. From a leisure point of view, too, the overwhelming attraction of the area is the sea, so that there is little scope for schemes of holiday flats in the undoubtedly attractive hinterland of the two towns.

In Bristol, by contrast, the picture is of booming activity in all sectors of the residential property market. One agent in the city reports that, in two consecutive weeks in March of this year, he sold more houses than at any time in his firm's previous history. Much of the action is in the £20,000-£25,000 price range, reflecting what is seen as a continuing demand for relocated offices in an area which is now well served by road and rail communications with the South East and the Midlands.

### Locations

The Location of Offices Bureau's Statistical Handbook on twelve years of office relocations, published last October, shows that Avon has been one of the most consistently popular locations outside the South East for office moves, and the local opinion is that this will continue, despite some recent forecasts to the contrary, and bring with it a steady demand for new homes.

Certainly, the building societies in the area appear to have plentiful funds available, and this is encouraging the housebuilders to press ahead with their schemes, particularly within a 12 mile commuting radius of Bristol. One outcome

of the energy crisis and of rising fuel costs is that prospective house purchasers are now much more conscious than they were before of the expense of driving to work—a factor which is already creating a series of economic "pales" round cities such as Bristol, beyond which it could prove steadily more difficult to sell houses in future. Weston-super-Mare, for example, is already proving a bit too far away from Bristol.

### Typical

Typical of developments currently under way in the lower price brackets, are at Woodstock, in Kingswood (on the east of the Bristol City boundary) where McGill are developing 50 new homes in the £8,000-£11,000 range and Clevedon, where Second City have 134 homes in the first phase of their scheme under construction and currently selling at between £9,095 and £10,450. In a higher bracket, M.P. Kent have an estate of 4-bedroomed houses under way at Portishead, at prices starting from £23,000; but there is little at the top end of the price range according to Richard Lalonde, a partner in local agents, Lalonde Parham and Partners.

Within the city of Bristol itself, flats and town house developments are proving popular on necessarily more restricted sites, and the local firm of Beazer Holdings have several schemes in progress at prices between £9,500 and £12,000.

On the leisure front there is, says Mr. Lalonde, a "small but

significant" demand for self-catering operations, which can fairly easily be created out of an uneconomic hotel or country house. Supply is likely to be found waiting if the demand continues to grow—Bristol has recently been taking steps to promote itself in particular, and the county of Avon in general, as an ideal base for tourism from Europe and America as well as from the rest of the United Kingdom, and there could be considerable activity in the field over the next few years.

Around Gloucester there is not much demand for larger country properties with holiday potential outside the Cotswolds, according to local agents Bruton Knowles and Co., but they have recently agreed the first sale in their area for multiple permanent occupation by "ordinary" (non-commuter-oriented) families. The property, a country house lying to the south of the city and offering the prospect of fairly painless subdivision, is being bought on straightforward mortgages by a consortium of three families for a price within the £35,000-£70,000 range. In 1975 there was a dearth of such properties coming on to the market, as owners hoped to ride out the tide of inflation in rates and heating bills, but there is now a market again, with executives connected with the major industries of this part of the south west or of South Wales eagerly moving in.

Within Gloucester itself, by contrast, there is an embarrassingly good supply of Victorian artisan cottages, to be picked up

for between £5,500 and £7,500 depending on their condition, but very few takers at present. Among new developments are one by Clevein, Estates at Wheatridge, near Upton St. Leonards, at prices of £8,000 plus for bungalows, which are proving extremely popular; within the city itself, there is a good demand in the £10,000-£20,000 range.

Around Taunton, on the other side of Bristol, where public schools are a major attraction, developers David Charles and R. M. Smith are building new homes at prices from £9,000 upwards, while for those who like a period flavour, a Georgian rectory at Combe St. Nicholas has been converted into six flats, most of which are still available.

Down at the far western end of the region, in Devon and eastern Cornwall, the residential market has again become noticeably buoyant over the last few weeks. Prices show no signs of rising yet, according to John Barker of Lalonde Brothers and Parham's Exeter office, but they are definitely hardening in the £8,000 to £12,000 range, for which there is great demand: improving motorway links are bringing even these previously remote areas into the limelight.

### Premium

Wimpey, M. P. Kent, and Broseley Homes all have ongoing development in the area, but land is in short supply and has been running at a premium.

In Plymouth, which has the advantage of being largely residential as a city, so that local travel to work costs need not be high, prices for secondhand homes have been lagging behind those of new properties, says David Jenkin of Fox and Sons, and may take a little while to catch up.

Wimpey are starting a scheme at Ivybridge, at £20,000-£22,000; and at Menheniot, some 12 miles across the Cornish border, Downderry Construction have an interesting mews development at prices ranging between £10,000 and £13,000. Within the city boundaries, Exbourne Properties are building new homes for £22,000-£30,000.

Larger existing properties, offering the prospect of a home together with a leisure income in the form of holiday flats, are also proving popular as investment for conversion. One farmhouse in south east Cornwall, for example, sold recently for £16,500 and there are plenty more available.

These home/leisure investment prospects have been attracting a good deal of interest lately from British expatriates, planning their return home, especially after contracts in the Arabian Gulf—from the palms of Arabia to the palms of Cornwall is obviously proving a natural transition.

Roger Beard

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## Links

CONTINUED FROM PREVIOUS PAGE

would be excellent. The problems present themselves once the traveller is off the main road.

For what is profitable for the transport undertakings in the summer is not so in the winter. Here, they are experimenting with new concepts (or at least resurrected ones) such as postal buses. These are small vehicles which serve the scattered communities for transport, post, and other forms of carriage.

The property buyer in the South West, again away from the cities, may well be seeking peace and isolation. He is likely to get it, the more so if he has no car of his own. No one can claim that inter-regional public transport is frequent. If further into the region one goes, the more apparent this becomes. In the East, taking the eastern boundary of the region to extend to Bournemouth, one is almost within commuting distance of London. The same can be said

for Bristol. Indeed, communications improvements have led to a degree of what is best described "as long-distance commuting."

This has affected property prices which tend to follow the general rule that the better the communications, the higher the purchase price. In the far West, however, the pattern is different. Property prices are consistently high, even when the public transport system is skeletal if existent at all.

Current road building and road improvement programmes envisage that it will eventually be possible to travel by dual carriageway right through to Penzance, either on motorways or roads of similar standard. If the public transport services could be similarly improved, the region could lay claim to communications as attractive as its environment.

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## The Executive's World

EDITED BY JOHN ELLIOTT

Companies find it hard to decide what merger arguments influence the Monopolies Commission. Geoffrey Owen suggests that two imminent reports may help.

## A pragmatic approach to mergers

NT record of the Commission suggests it is adopting too soft an approach in its handling of mergers. Since the beginning of 1973, the Commission has cleared six mergers, only two of which might look like they were abandoned at the stage of a decision.

In the next few weeks, the Commission is due to clear two more mergers: Eurocanadian, a joint venture between British and American companies, and Herbert Morris, a joint venture between British and American companies. The Commission's general approach towards mergers is being questioned by the accompanying report on its views on the subject, which has been published in the form of a partial share-

of Fair Trading. The Commission's views on whether to refer a merger to the Commission, has a special interest in mergers — situations where a company acquires a large share in another, or to influence the other.

## Auld's

For example, the Commission has decided to increase its share of the decision to 29.8 per cent. This was a decision within the Fair Trading Act, which was advised that the Commission would clear its holding to 29.8 per cent, and gave it the right to seek representation or to be a company in any reference to the Commission would clear its holding to 29.8 per cent.

There was no need to say about what the Commission would do in a reference had in 1968 the Commission produced a critical report on the monopoly of the cellulose fibres industry, among other things, by the Commission. The Commission's report would have almost to extinguish competi-

THE MERGER RECORD SINCE 1965			
REFERENCES TO THE MONOPOLIES COMMISSION (OTHER THAN NEWSPAPER MERGERS)			
	Abandoned after reference	Found against public interest	Found not against public interest
1965-end 1973 Number of references 18	Marley/Redland Burmah/Laporte Reed/Bowater Sears/Timpon	Ross/Associated Fisheries UDS/Burton Bardays/Lloyds/Martins Bain/De La Rue British Sidac/TPL Beecham/Glaxo Boots/Glaxo	BMC/Pressed Steel Dental Mfg./Amal Dental Dentists Supply/Amal Dental GKN/Baird BICC/Pyramax Thorn/Baldwin Rentals Unilever/Allied Breweries
TOTALS	4	7	7
1973 to date Number of references 17†	Tarmac/Wolseley Hughes Glynwed/Armitage Shanks Whessoe/Copper Neill Rowwater/Hanson Trust London & County/Inveresk Sears/Nottingham Norvic/Canning	Davy/British Rollmakers Boots/House of Fraser	British Watch/Wilkinson Sword Eagle Star/Govewood/Sunley Charter/Sadia NPU/PRC Dentistry/AD Ind. Weidmann/Whiteley
TOTALS	7	2	6

† Counterfactual situations.  
† Reports on two of these references, Eurocanadian/Furness Withy and Herbert Morris/Amalgamated Industrials, are expected next month.

been surprising, to say the least, if the Highams transaction had been allowed.

Much less satisfactory, from the point of view of competition policy, was the case of another partial shareholding which was referred to the Commission. Four Swiss companies had acquired a 33.4 per cent stake in B. S. and W. Whiteley, a Yorkshire company, which accounts for a very large share of the U.K. market for electrical insulating pressboard, an essential material in the manufacture of transformers. One of the Swiss companies, H. Weidmann, which is also an important supplier of this material and which has a very strong worldwide position in the field, proposed to acquire and consolidate the separate holdings; the plan was to develop close co-operation with Whiteley in such activities as technical research, marketing and buying.

The effect of the proposal would have been to eliminate most of what little competition existed within the U.K. market. Hence it was strongly opposed by the transformer manufacturers and by the Department of Industry.

To most people's astonishment the Weidmann proposal was cleared by the Commission, on the not very convincing grounds that the Swiss company was a more efficient enterprise and would make better use of the Whiteley resources than the present management. In the event the transaction did not go through because the City Take-over Panel, in an even more curious ruling a few months later, required the Swiss interests to reduce their holding in Whiteley to below 25 per cent. But the significant point was that a merger which threatened almost to extinguish competi-

tion in a particular market had been cleared by the Commission.

The nearest parallel to the Weidmann/Whiteley situation was the Davy International/British Rollmakers case. Between them the two companies would have supplied about 86 per cent of the cast-iron and cast steel rolls required by U.K. rolling mills. Davy argued that a larger scale of U.K. operations was necessary to meet world competition and that the merger offered substantial scope for rationalisation. The Commission was not convinced; it ruled that the merger was against the public interest, partly on the grounds that the submergence of British Rollmakers inside a large group whose main interest was something entirely different — contract engineering — would not be good for the rollmaking business.

Another horizontal merger which involved a considerable lessening of competition, though not quite so drastic as the rollmaking case, was the acquisition by Charter Consolidated of Sadia, the leading independent manufacturer of electric water heaters. This was a market in which 95 per cent of the business was in the hands of three companies — Charter's subsidiary, Heatrae, Sadia and IMI Santon (subsidiary of Imperial Metal Industries). Yet the Commission approved the merger because it did not regard the absorption of one of the three main suppliers as a sufficient cause for blocking the deal.

As these examples show, there is no automatic assumption on the part of the Commission that because a merger substantially reduces competition it should on that account be barred. Each merger is examined on its merits and much depends on the

skill with which the proponents of the merger argue their case. If they can demonstrate that after the merger the combined resources of the two companies will be used more effectively, they stand a fair chance of clearance, despite the impact on competition. It is obviously easier to argue that case in an agreed merger, since both companies are pulling in the same direction. In an opposed situation the bidder may have to convince the Commission that his superior management skills will have a salutary effect on the company to be acquired.

## Shareholding

This is one of the points which Amalgamated Industrials may have been putting to the Commission in the Herbert Morris case. The Commission is looking at both the existing 38 per cent shareholding in Morris (amounting to an ability to control the company) held by AI and its parent, Brynston Finance, and the bid for the rest of the shares, which has been withdrawn pending the outcome of the investigation. The bid has been opposed by the Morris management, which argues that the company, one of the leading crane manufacturers, is doing well enough on its own not to need an injection of outside management — even if AI were in a position to supply it. The fact that it is a conglomerate merger, lacking industrial logic, will not necessarily swing the Commission against it but it may be difficult for AI to marshal the sort of post-merger arguments with which British Match and Wilkinson Sword, in an agreed conglomerate deal, secured clearance from the Commission. Some of the same considera-

## MANAGEMENT TRAINING

## A chairman joins the class

COMPANY CHAIRMEN do not often put themselves through the rigours of a management training course in a group comprising a cross-section of their own employees. Mr. John Marks, chairman of the family-controlled Trebor Sharps confectionery group, is one of those few exceptions.

Mr. Marks' participation in such a move had its origins in two very different problems. One arose two years ago when efforts were being made to integrate his company's customer service division — a difficult task given that it takes in far-flung warehousing operations — and to reduce high labour turnover at the company's Maidstone factory in Kent.

According to Mr. Marks, the Maidstone project had "all sorts of repercussions," for in trying to analyse the difficulties "we discovered that labour turnover was not the thing to study; but instead the way that management operated." This led to a lot of heart-searching, and to changing attitudes with the realisation that opinions of various levels of management had not been valued properly.

## Learning

The other problem Mr. Marks lays at his own door in admitting to having made some blunders after taking over as chairman from his father five years ago and realising that there were certain things he needed to learn.

What is clear from this and the Maidstone experience is that he was converted into a firm believer of management training. And the final upshot has been the setting-up of a management training programme involving 350 people — some 10 per cent of the workforce — and costing in total £50,000. So far over 200 people have completed the course.

Including Mr. Marks and his brother, who is the managing director, and while it is still rather early to assess the benefits, Mr. Marks suggests that "people feel that they are better heard now." The course is a mixture of residential and in-company exercises. During a week at a country house in Hertfordshire candidates engage in a series of discussions, group projects and lectures, with a strong emphasis on psychology to help improve skills in human relations. They also have exercises in teamwork such as building model garages with Lego and putting together or pentagrams which have been broken down into 18 pieces.

This aims to heighten abilities in the systematic solving of problems.

Virtually all of the course is divorced from particular Trebor Sharps practices, except for a project session where group members pick on a subject related to the company. This, for example, leads to the assessment of office accommodation, looking at factory systems and seeking ways of improving internal communications.

At the same time, the more open attitudes which the course appears to be breeding do lead to less formalised thinking and structures. "There is no doubt that managers do lose some of their authority, but at the same time they learn to feel reasonably comfortable about it," says Mr. Marks.

He admits that the idea of management training had its roots partly in his desire to improve his own management



Mr. John Marks, chairman of Trebor Sharps

However, this aspect of the course is the one which can be difficult to cope with, because group members continue their assessments after completing the residential course. This can mean communicating with people in different parts of the country in order either to see the project right through to some form of action being taken at senior level, or to discontinuing it.

A feature of the groupings is that a vertical slice is taken through management, from the top right down to supervisory level. Thus, a group may comprise a senior director, several foremen, an area sales manager, a research development manager, and perhaps two customer service office supervisors. It is a format which can provoke extreme attitudes — either from a bottom-line manager who is worried about being "tested" against apparently superior opposition, or from top-line managers who do not want to risk having weaknesses shown up.

Nicholas Leslie

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FRIDAY, APRIL 23, 1976

Dr. Kissinger said in a speech last week that he would be carrying "America's message of hope, social justice, aspiration for human dignity, the rule of the majority and co-operation." Despite the reference to majority rule, that alone will not be enough. There will have to be more evidence that the U.S. is pressing for change in Rhodesia, Zambia and South Africa itself. There is also one particular area in which he will be asked to act and that concerns U.S. imports of Rhodesian chrome in disregard of the UN economic sanctions. It may be hard for the Administration to introduce a embargo during the election campaign, but Dr. Kissinger can make some commitment that the policy will be at least reviewed, he will be in for a difficult time.



**BY NICHOLAS COLCHESTER, Bonn Correspondent**



industrial success. Herr Lohde has stated that "whoever is in a position to plan his capital investment in the medium term must also be in a position to plan his employment in the medium term." He is therefore demanding that VW's level of employment in West Germany be guaranteed into the future. It is understood that he will be won over to the U.S. plan with a clear projection of VW's employment until 1980. Herr Schmücker can produce such a projection because his company is now running less on labour. "He intends to keep it that way and feels that what I must above all avoid is the temptation to raise the wages too far to come with temporary peaks in demand." You do not hear anything of export plans so long as my com-  
less," he told a German magazine. "It is all quite simple. If we can  
1m cars a year and pro-  
1m500,000. I prefer the  
making 2m. cars and a  
That's, all there is to it."

from the comparative safety of Channel Islands finance conference yesterday, a speaker wondered irreverently if his audience had heard about the government's new personal, simplified tax form. It would, he forecast, have but three sections: How much did you earn last year? How much have you not left? Add . . . send it in.

**Observer**

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# COMPANY NEWS + COMMENT

## Minet profits up by 39% at £6.86m.

INSURANCE brokers, Lloyds underwriters, etc., Minet Holdings reports pre-tax profits up by 39 per cent. from £4.93m. to £6.86m. for 1975, following the rise from £2.46m. to £2.94m. in the first six months.

In the interim report, the directors said they considered the year's results should show a rate of growth of not less than the 16 per cent. achieved in the previous year.

Stated 1975 earnings per 20p share, based on the weighted average during the year, were 7.85p against 5.51p and 7.4p based on shares in issue at the year-end. A net final dividend of 1.23p, on capital increased by last October's rights issue, effectively raises the total from 2.16p to a maximum-permitted 3.39p.

Brokerage income for the year increased from £11.19m. to £15.71m., and underwriting agencies income less expenses amounted to £617,000 compared with £590,000.

**comment**

Pre-tax profits two-fifths higher at £5.9m. from Minet Holdings for 1975 is considerably more than outside estimates based on the interim indication that profits growth would be no less than the 16 per cent. achieved in the previous year. Undoubtedly the 57 per cent. jump in second-half profits was better than even in-house expectations. U.K. brokerage has been buoyant—perhaps up by a quarter—but the real growth has come from overseas, particularly in North America. Currently overseas income accounts for 80 per cent. of the total, and the depreciation of sterling has enhanced reported profits. But apart from the added boost from exchange rate fluctuations, Minet is reaping the benefits of earlier expansion. Both London Insurance Brokers and Minet Airport Insurance Services turned into profit, and for the current year the outlook remains promising with some outside estimates going for pre-tax profits of up to 20m. In the meantime Minet remains one of the higher rated brokers, with a yield of only 3.3 per cent. at 122p adjusting for the rights issue.

### Photo-Me halfway expansion

FIRST HALF pre-tax profit of Photo-Me International expanded from £357,000 to £582,000, and stated earnings per 50p share increased from 8.52p to 15.28p. Sales, at £8.66m. (£5.1m.) continued to be buoyant, but contributions by overseas companies were enlarged by the fall in the value of the pound, the directors point out.

However, costs and expenses have been well controlled so that

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B.S.G. Intl.	24	3	Lyle Shipping	27	1
Cadbury Schweppes	25	1	Marshall (Thos.)	25	4
Clive Discount	28	4	Martonair Intl.	24	2
Dale Electric	26	2	Minet Holdings	24	1
Ellis & Goldstein	24	6	Mowlem (John)	26	7
Farnell Electronics	27	4	Photo-Me Intl.	24	1
Francis Industries	25	3	Shaw (Francis)	27	1
G.H.P. Group	27	4	Siemens Hunter	25	1
Glenlivet Distillers	28	3	Silima Group	25	2
Hepworth Ceramic	26	1	Vickers	26	4
Hewden-Stuart	24	4	Wilson (Connolly)	27	2
Home Charm	28	3	Winn Industries	25	4

the higher turnover has been reflected by improved profit figures.

The outlook for the second half is thought to be at least comparable with the corresponding period. Profit for the year to April 30, 1975 was £504,918.

As before an interim dividend is not being declared, and the year-end distribution will be considered in the light of dividend restraint at that time, the directors add. The 1974-75 payment was 1.175p net.

**comment**

Turnover Group profit Depreciation Profit before tax Tax Net profit Dividends Retained

**Martonair well down midway**

PNEUMATIC CONTROL equipment makers Martonair International has suffered from a comparatively low order intake in the first half ended January 31, 1975, and this has led to a reduction in profits from £1.38m. to £813,000.

In recent weeks, however, an improved trend has developed, and this should be reflected in the current half figures—for the corresponding period last year a profit of £1.32m. was achieved.

Because of the low order-intake in the first half, some losses were incurred in Holland and France and profitability was affected in a number of other markets.

The interim dividend is effectively raised by the permitted maximum—from 1.51p to 1.44p net per 20p share. Total for 1975 was the equivalent of 3.06p.

**comment**

The 40 per cent. profits fall at Martonair International (on a drop in sales of only 4.4 per cent.)

reflects losses incurred by the French and Dutch subsidiaries as well as higher manufacturing costs that could not be fully recovered in a weak market.

The outlook has improved, with the European companies now trading profitably and demand increasing, although the company is unlikely to make up the profits shortfall on last year's figures. Meanwhile, the shares, down 2p yesterday to 115p, yield 4.1 per cent., while looking beyond this year, prospects depend on how quickly the industrial investment cycle moves upwards.

### BSG surges to £2.33m. —pays 0.65p

WITH THE help of a reduction from £3.31m. to £4.42m. in interest payable, pre-tax profits of BSG International more than doubled from £0.92m. to £2.33m. for 1975. At midway they were £1m. higher at £1.23m.

Earnings per 10p Ordinary for the year are shown to be up from 0.90p to 2.42p. In view of the need to conserve cash resources to meet increasing working capital requirements associated with the upsurge in business at home and abroad, the directors are recommending a final equal to the 0.325p net paid as an interim. No dividend was paid last year.

**comment**

Chairman Mr. H. G. Cressman says the past year has seen the start of the resurgence of the group, and considerable progress was made.

By the end of the current year, the group should be in good shape. Almost all the pertinent indicators are pointing in the direction of rising optimism both at home and abroad, he adds. Recent surveys have shown a

marked shift in sentiment over the past few months with the expectation that will improve significantly. The group's order books "certainly bear witness to this swing in the climate of business opinion," the chairman says.

As a result of actions taken during 1975, overall borrowings decreased in the year by £3.5m. Since January 1, the group has sold, or reached agreement to sell, further properties and assets surplus to requirements for approximately £1m. and it is anticipated a further £250,000 will be raised by future sale of surplus properties. As a result of the scaling down of the group's hire-purchase operations, a further £800,000 of borrowings have been paid back so far in 1975, and it is anticipated that an additional £1.5m. will be repaid by the end of this year.

**comment**

BSG's trading profits show only a slight improvement but a 17 per cent. drop in interest charges, thanks to a reduction of £5.5m. in borrowings, has left the pre-tax figure 2½ times higher. Its ability to reduce borrowings will continue to play a very large part in its profit growth prospects, and that loans will be reduced from the current £32m. to around £25m. this year. Meanwhile, on the trading side, the company is looking towards the car and motor industry, which accounts for about half its operations, for further growth in the current year, since the car retailing side is not expected to show much improvement, though first-quarter sales are slightly ahead. At 22½, the p/e is 9.2 and the yield 4.5 per cent., covered 2.4 times.

### Over £3m. by Hewden-Stuart

AFTER MINORITIES and loss on sale of investments, profits of Hewden-Stuart Plant have risen from £2.63m. to £3.62m. in the year ended February 1, 1975. Full provision has been made for all known losses in A. Gunn (Holdings), a 74 per cent. interest in which was acquired last autumn.

The directors describe the results as excellent, particularly in view of the difficult trading conditions. In the current year there has been a "noticeable slackness" in demand across many sectors of activities and it is too early to make a realistic assessment of the likely outcome.

However, there are grounds for confidence, as there are favourable factors including the strong financial position derived from the group's "enormous cash flow."

No proportion of trading losses of Gunn are included; they amounted to £53,297 for 10 months. But extraordinary and non-recurring charges of £354,000 before tax relief will be required to be made to profit and loss.

An investigation indicated substantial inaccuracies and inadequacies in financial records and

## DIVIDENDS ANNOUNCED

Company	Date of payment	Current payment	Corr. of spending	Total for year	Total last year
Aberdeen Trust	June 25	1.17	1.17	1.17	1.17
Aquascutum	July 1	1.24	1.24	1.24	1.24
British Assets Trust	July 1	0.73	0.73	0.73	0.73
BSG Intl.	July 1	0.32	0.32	0.32	0.32
Cadbury Schweppes	July 1	1.51	1.51	1.51	1.51
Clive Discount	June 4	0.85	0.85	0.85	0.85
Dale Electric	July 1	2.50	2.50	2.50	2.50
Embankment Trust	July 1	2.22	2.22	2.22	2.22
Farnell Elect.	July 1	0.45	0.45	0.45	0.45
Francis Industries	July 1	1.18	1.18	1.18	1.18
Garnar Scotblair	May 23	1.28	1.28	1.28	1.28
G.H.P.	June 13	0.41	0.41	0.41	0.41
Golden Hope	June 13	0.81	0.81	0.81	0.81
Hewden-Stuart Plant	June 3	1.75	1.75	1.75	1.75
Home Charm	June 3	1.88	1.88	1.88	1.88
Lyle Shipping	June 2	2.23	2.23	2.23	2.23
Leslie & Godwin	July 1	0.75	0.75	0.75	0.75
T. Marshall (Laxley)	May 20	1.31	1.31	1.31	1.31
Martonair	July 2	0.8	0.8	0.8	0.8
Minet	July 2	4.43	4.43	4.43	4.43
John Mowlem	July 18	2.1	2.1	2.1	2.1
Photo-Me Intl.	July 2	1.15	1.15	1.15	1.15
Second Scottish	July 5	0.44	0.44	0.44	0.44
Francis Shaw	June 18	1.95	1.95	1.95	1.95
E. Shephard	June 18	2.73	2.73	2.73	2.73
Siemens Hunter	May 28	0.59	0.59	0.59	0.59
Silima	July 2	0.93	0.93	0.93	0.93
Wilson (Connolly)	July 3	1.35	1.35	1.35	1.35
Winn Industries	July 1	1.14	1.14	1.14	1.14
Winston Estates	July 1	0.54	0.54	0.54	0.54

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. \* On capital increase by rights and/or acquisition issues. (a) For nine months; (b) increased to reduce disparity with final dividend.

Internal management figures of Gunn, and a complete reorganisation was initiated. It should contribute materially to overall profits in the current year.

On capital increased by the acquisition and a scrip issue the Hewden final dividend is the forecast 0.35p per share, to make 1.23p for the year with Treasury approval. This compares with the equivalent of 1.23p.

**comment**

Excluding the Gunn disappointment, Hewden-Stuart managed a 13 per cent. profit gain on turnover up 23 per cent. to about £33m.—most of the profits improvement having been achieved in the first half. A marked falling-off of business relating to North Sea activities was evident, particularly in the second half, although reduced profits from this area are expected to be offset in the current year by the A. Gunn operation, now topped up.

For cost-cutting company is expected to achieve a £20m. turnover over level in the current year, which, on HS's present margins, would produce profits of around £2m. Most of the profits improvement continues to affect, for instance, Tees-side operations. But meanwhile cash flow has been strong enough to finance some £1m. capital expenditure, and to reduce total borrowings, including those from A. Gunn, are still only at "around half" the level of £3m. The shares at 42p yield 3.4 per cent. covered 0.8 times recent tax earnings and the p/e is 7.7.

### Leslie & Godwin £3.46m.

ON A TURNOVER up from £125m. to £151m., pre-tax profit of insurance brokers, Lloyd's underwriters, etc., Leslie and Godwin (Holdings), declined from £3.56m. to £3.46m. in 1975.

Reflecting a lower tax charge stated earnings per 10p share were up from 8.06p to 8.47p, and the dividend is raised from 2.38p to 2.55p net with a final of 2.225p.

**comment**

Leslie and Godwin's profit figures contain few surprises for the market. In the event a pre-tax shortfall of 3 per cent. is transformed into an earnings gain of 5 per cent. after a proportionately lower tax charge. But the pre-tax figure is struck after charging £400,000 exceptional expenditure for the move to Farnborough, and combining the absence of this feature during 1976 with the £1m. savings in rents and rates points to £44m. pre-tax this year, before any organic growth or first-time contributions from its various acquisitions. One depressing factor for the shares has been rumours about losses resulting from difficulties of U.S. brokers. But the company now qualifies the extent of its possible losses as no more than £400,000 and this is adequately covered by provisions in the accounts. The company is one of the smaller quoted brokers, capitalised at £23m., but the yield of 4.9 per cent. and p/e of 13.5 at 117p, is an inexpensive rating for the sector.

**comment**

Pre-tax revenue of Embankment Trust fell slightly from £448,000 to £402,000 in the year to March 31, 1976, and earnings per 25p share were down from 2.22p to 2.04p. Tax absorbed £165,456, against £169,100.

The dividend is raised from 1.95p to 2p net per share.

Net asset value per share was 89.7p (89.7p), and assuming full conversion of loan stock 89.5p (71.5p).

**comment**

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## ISSUE NEWS AND COMMENT

### Greene King £1. 1-for-5 rights

BREWERS Greene King and Sons intends to raise £1.75m. by way of a rights issue on a one-for-five basis at 100p per share.

Interim pre-tax profits for the six months to last October were up from £36,000 to £123,000 and the directors now forecast that the full year to May 1, they will be no less than 2.7m. against £2m. last year.

Subject to unforeseen circumstances they intend a final dividend on the capital after this rights issue of 4.44p per share, which will make a total of 5.55p for a gross dividend of 9p per share—an increase of 35 per cent.

To enter for the substantial increase in turnover the group has embarked upon capital expenditure of £5m. over the past five years. Trade investments, including a 2 per cent. interest in Harp Lager, have cost a further £1m.

The directors believe it is now prudent to increase the equity base so that the policy of expansion will not be hindered in the future.

The issue has been underwritten by Robert Fleming, and Smith and James Capel. Dealings are expected to commence on April 26.

**comment**

Greene King has been increasing its capital expenditure over the past few years beyond its cash flow, with a resulting run up in borrowings, culminating in some £11m. of short-term debt by last May. Since then a strong cash flow over the buoyant summer sales period has halved this figure, so the result of this rights issue should leave the company some £1m. in credit. But this surplus is expected to be used for further expenditure within the next three years. Meanwhile, a forecast of 2.7m. pre-tax for the current year is higher than earlier expectations because the group did not experience the fall-off in demand after the summer which it had been expecting. At 155p, the ex-rights yield is nearly 7 per cent., which is in line with the sector against its traditional below-average figure.

### Garnar Scotblair £602, RECORD PROFITS—up from

£541,000 to £710,000 for the year to January 31, 1976 and a rights issue to raise approximately £335,500 are announced by tanners Garnar Scotblair.

When reporting first-half profit of £327,000, slightly down from £365,000, the directors said it was difficult to make a realistic forecast for the second half, but they were reasonably optimistic.

Stated earnings per 25p share for the year increased from

15.75p to 16.4p. of 1.175p lifts a rights issue on a one-for-five basis at 100p per share.

In the second marked recovery in resurgence of all types of customers' stock been run down, being replenished.

Currently, tanneries and all tanneries full capacity, the in the above circumstances, recommend div of 1976-77 total share on capital the rights issue has given its ap.

The issue for holders of the 1975-76 ordinary basis of one-for-five is desirable. The shares are 3p per share, acceptance not to be made and B arrangements.

Provi letters will be in that it is desirable to acquire and Webb, to modernisation and take ad opportunities to

**comment**

Turnover Profit before tax Taxation Dividends Retained

### Hutco £602, For 1975 but

advance in price to £52,000, £278,000 compared with £51,000 for the year to January 31, 1975 and a rights issue to raise approximately £335,500 are announced by tanners Garnar Scotblair.

When reporting first-half profit of £327,000, slightly down from £365,000, the directors said it was difficult to make a realistic forecast for the second half, but they were reasonably optimistic.

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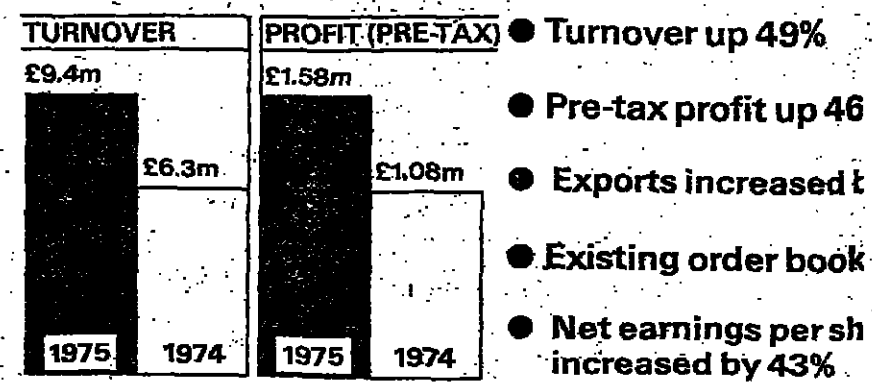
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# DALE

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## HIGHLIGHTS... YEAR ENDING 3 JANUARY



● Turnover up 49%  
● Pre-tax profit up 46  
● Exports increased  
● Existing order book  
● Net earnings per share increased by 43%

Comments Leonard Dale  
"Once again, the company has an excellent year—in spite of one of the worst problems that it has ever known. Our success is due to a dramatic increase in our set exports, the quality of our equipment which fits the customer needs and the hard work of the Dale team—our staff in Farnborough and Hull and our distributors, world-wide. Despite a reduction in public spending, our order book remains at a healthy level."

Copies of the Annual Report will be available from the Company Secretary.

DALE

Leonard Dale, M.B.E., Chairman, Dale Electric International Ltd.

Dale Electric International Ltd. Electricity Buildings, Fife, Yorks. YO14 9PJ Tel: 0723 814141.



## Winn earns and pays more

Nearly earnings per 200 share are shown to have risen from 3.6p to 4.1p and the dividend total is stepped up from 2.144p to 2.2775p with a final payment of 1.3p net.

The company's interests lie in engineering, die casting, building materials, concrete products, packaging and printing.

	1973	1974
Turnover	17,470	15,571
Interest	283	237
Prestidivark	58	58
Tax	322	433
Minorities	4	4
Extraordinary credit	-	25
Retained	312	373

in profits at half-time gave way to a small decline in the second.

although margins were more or less maintained, leaving an overall 7.7 per cent. rise at the pre-tax level. These results had little impact on the shares, which rose 21 per cent. in the year, to 25p 14 per cent. while the core has improved to nearly two times. This may reflect nervousness about the group's containment of interests, which are expected to rise to 25 per cent. by 1987, at least the end of this year depending on when an upturn in world trading occurs. Engineering and some specialist divisions, however, have helped to compensate for the 1986 downturn in the oil and steel equipment side, while commodities are beginning to find a promising market in North America where full benefits are expected to be seen in 1987.

## Target

When reporting first-half profit up from £250,000 to £425,000, the chairman, Mr. W. T. Hale, indicated "second-half profit not materially different from the first."

Stated earnings per 25p share

for the year increased from 5.12p to 6.55p, and the dividend is stepped up from 1.875n to 2.025n.

The result was achieved only by a further substantial increase in export effort by all subsidiaries, says Mr. Hale.

While the record profits of 1975 may not be repeated in 1976, the new products, activities and markets is so wide and the diversity of factors that bear upon them so considerable, he expects that profits for 1976 "will not prove disappointing."

for 1976 will exceed reported. The profit forecast was halfway stage, when its were up from 133.327. Earnings per 10p share, ordinary items are 4.01p, and a net final 0.97598p makes a committed total for the

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

### ts from Lord Harcourt's statement to shareholders

values and of stock markets. For the past two years we have had unprecedented volatility in all these factors. Our response has not just been defensive: we have increased our capital base, we have achieved record growth in premiums, we are handling a greatly increased volume of business and we have devised new forms of contract for the changing needs of our customers.

If inflation can be controlled, we may expect to see British industry return to a more realistic level of profitability. However, there is still much misunderstanding about the role of profits and the fact that profits are essential to provide stable conditions of employment to generate industrial expansion and to finance improvements in State welfare. The general public has a huge stake in British industry through life policies, unit trusts and membership of pension funds and it is vital that the fundamental importance to every member of the community of an adequate level of profits should be more generally recognised and accepted.

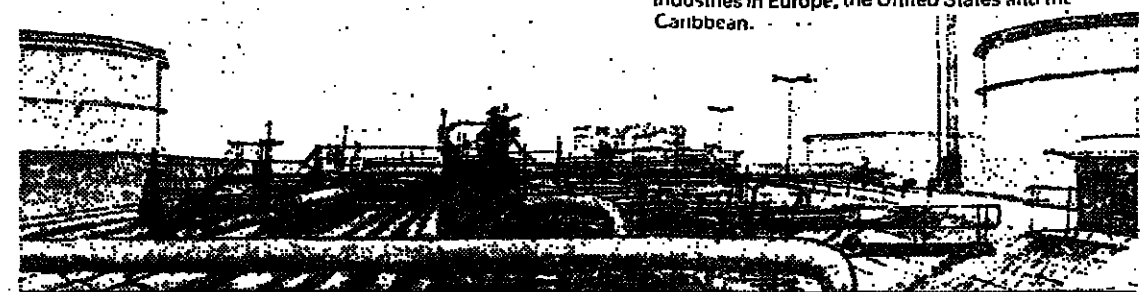
Given the right environment, the Legal and General has the people, the ideas and the determination to achieve a high level of real and profitable growth.

**Annual General Meeting—  
19 May 1976**

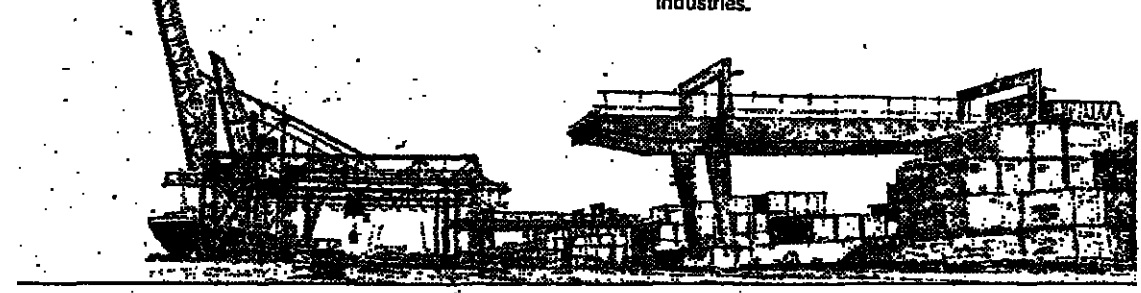
An International oil-handling, transportation and property group.

	1975 RESULTS	
	1975	1974
Net earnings . . . . .	Fl. 39-14m.	Fl. 34-85m.
Net earnings (per Fl. 20 share)	Fl. 10-28	Fl. 9-16
Dividend (per Fl. 20 share) . . .	Fl. 4-00	Fl. 3-56
Scrp issue	4%	4%

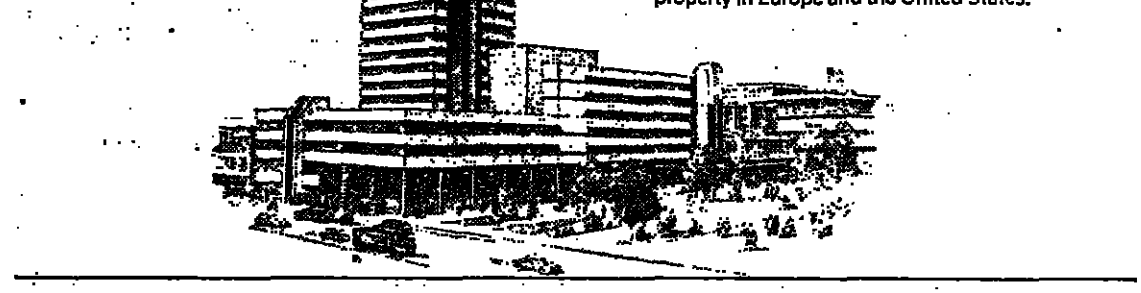
**Leases its tank terminals to the oil and chemical industries in Europe, the United States and the Caribbean.**



**Operates in Europe in the warehousing, cold storage, freight forwarding and sea-air-road transportation industries.**



**Manages, develops and trades in commercial property in Europe and the United States.**



Copies of the 1975 Annual Report (in English) are available from Pakhoed Holding NV,  
(Dept. Ft),  
P.O. Box 863,  
Rotterdam,  
Netherlands.

	1974	1975
	£m	£m
Group operating profit	9.4	9.7
Profits from long term business	6.2	6.6
Underwriting transfer on general insurance	(2.3)	(4.6)
Shareholders' dividends	5.2	6.7*
Investment income	109.8	141.9
Payments to policyholders	149.8	174.7

The image contains two side-by-side bar charts. The left chart, titled 'Premium Income', shows a steady increase from 1538m in 1971 to 3841m in 1975. The right chart, titled 'Group Funds', shows a similar upward trend from 12820m in 1971 to 20063m in 1975. Both charts use a stippled pattern for the bars and have their values labeled on top.

Year	Premium Income (m)	Group Funds (m)
1971	1538	12820
1972	1860	14145
1973	2502	15279
1974	2965	15670
1975	3841	20063



If you wish to receive a copy of the Report & Accounts, or are interested in one of our insurance policies, please complete the coupon below, tick the appropriate box, and send to

**John Neill, Legal & General Assurance Society Ltd.,  
Temple Court, 11 Queen Victoria Street, London EC4N 4TP.**

<input type="checkbox"/> Please send me a copy of the 1975 Report & Accounts	<input type="checkbox"/> Please contact me with details of your policies
--	--

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Business Tel. No. \_\_\_\_\_ Home Tel. No. \_\_\_\_\_











# PROVINCE OF NOVA SCOTIA (CANADA)

## U.S. \$15,000,000 9% BONDS 1985

### DRAWING OF BONDS

Notice is hereby given that a drawing of bonds of the above loan took place on 28th April 1976 at 10:00 a.m. at the offices of the Registrar of the Province of Nova Scotia, Halifax, when 1,000 bonds for a total of U.S. \$15,000,000 nominal capital were drawn for redemption at par on 1st May 1976, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

138	137	136	135	134	133	132	131	130	129
128	127	126	125	124	123	122	121	120	119
118	117	116	115	114	113	112	111	110	109
108	107	106	105	104	103	102	101	100	99
98	97	96	95	94	93	92	91	90	89
88	87	86	85	84	83	82	81	80	79
78	77	76	75	74	73	72	71	70	69
68	67	66	65	64	63	62	61	60	59
58	57	56	55	54	53	52	51	50	49
48	47	46	45	44	43	42	41	40	39
38	37	36	35	34	33	32	31	30	29
28	27	26	25	24	23	22	21	20	19
18	17	16	15	14	13	12	11	10	9
8	7	6	5	4	3	2	1	0	0

The above bonds may be presented for redemption at par on or after 1st May 1976 at the offices of the Registrar of the Province of Nova Scotia, Halifax, in the manner specified in Condition 4 of the Terms and Conditions of the Bonds. Each of these bonds when presented for redemption must bear the name of the registered owner and all subsequent coupons otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London, EC4P 4DU.

28th April 1976

## COMPANY NEWS

# Glenlivet aiming for sales rise

FIRST QUARTER 1976 sales of Glenlivet are encouraging, but the erosion of profit margins continues, says the chairman, Mr. L. Tennant.

Whether the projected increase in sales for the year will be sufficient to maintain the overall profitability remains to be seen. But the long-term future looks good, he adds.

The company is well equipped with personnel and machinery, and has products with a potential world demand. The chairman says the central effort in 1976 will be one of improving and expanding the marketing and sales operations.

Expansion at Benrich and the new warehousing at Glenlivet and Longmorn distilleries are complete, but plans for increased production at Glen Grant have been postponed due to uncertainty for the future. The enlarged by-product plant at Rothes and the new plant at Livers are contributing "substantially" to profits.

As known group pre-tax profit increased from £2m. to £2.18m. in 1975 on a turnover up from £12.23m. to £14.04m., and the dividend is the maximum permitted 3.60p net (3.37p) per share. Excluding duty, the geographical analysis of turnover by value, including sales of new whisky to blenders, is (in percentages) Europe (including U.K.) 70; North and South America 19; Asia, Australasia and Africa 11.

Demonstrating the effects of inflation, stocks increased from £8.05m. to £9.53m., debtors were up from £3.36m. to £4.08m., and overdrafts from £1.54m. to £2.02m. at 31st March 1976. The company is now 11.7 per cent of the issued ordinary.

Meeting, Edinburgh, May 13, noon.

Chairman's statement, Page 2

The general reserve has been increased by £150,000 to £1.45m., and in addition there have been substantial transfers to inner reserves.

The next accounting period will be the year ending March 31, 1977 and the directors will consider payment of an interim dividend in November 1976. The company has confirmed that the company will be free from dividend control for the year 1976-77.

Profit and loss account for the year ended 31st March 1976:

Turnover	137,371	117,601
Trading Profit	5,658	3,772
Cost of Sales	3,930	2,578
Refractories	2,184	1,309
Industrial Sands	1,187	711
Foundry Resins & Equipment	775	452
Engineering & Miscellaneous	775	452
Total trading profit	14,594	9,431
Associated companies - share of profits	74	31
Interest charges less investment income	(1,701)	(1,542)
Profit before taxation and extraordinary items	12,877	7,917
Taxation	6,543	4,208
Extraordinary items	6,334	3,709
Profit attributable to the members	6,080	2,713
Dividends	1,917	1,785
Profit retained	4,163	928
Earnings per share	6.37p	3.76p
Dividends per share	1.934p	1.804p
Number of U.K. employees	10,900	12,300

Mr. John F. Booth, Chairman

## APPOINTMENTS

# Senior changes at Lloyds and Scottish

Mr. Reginald Verdon-Smith, a director and deputy chairman of LLOYDS AND SCOTTISH, has resigned from the Board because of his other commitments in connection with Lloyds Bank. Mr. John B. Burke and Sir Michael Wilson, both directors of Lloyds and Scottish, have been appointed vice-chairmen of that company.

Mr. H. W. A. Maude has retired as a manager of BARING BROTHERS AND CO.

Mr. Randolph A. Peterson, formerly president of Bank of America, will join the BECKER AND WARBURG-PARIS GROUP as chairman of its policy committee next month. He will also be chairman of Warburg Paribas Becker Inc., which handles the group's investment banking.

Mr. James Buckley is retiring on October 2 as a member of the BRITISH GAS CORPORATION after 42 years' service in the gas industry.

Mr. Arthur Paton has been appointed marketing director of PLESSEY MARINE. He was previously commercial executive of Plessey Europe and Middle East.

Mr. H. E. Collinson has been appointed a director of Locker Industries and Locker Wire Weavers, subsidiaries of THOMAS LOCKER (HOLDINGS).

Mr. R. N. A. Wood has been appointed financial director of FERRANT, a subsidiary of BERRAD, the managing company of the Guthrie Corporation.

Mr. T. C. Lamb, a director of Sim-Chem, a SIMON ENGINEERING company, has been appointed managing director of overseas company operations of the Simon Engineering Group.

Mr. W. L. Betherington has joined the Board of FERRANTI. Mr. Betherington is president and chief executive officer of Ferranti-Packard of Canada and succeeds Mr. T. Edmondson of Ferranti-Packard who retires from the Board.

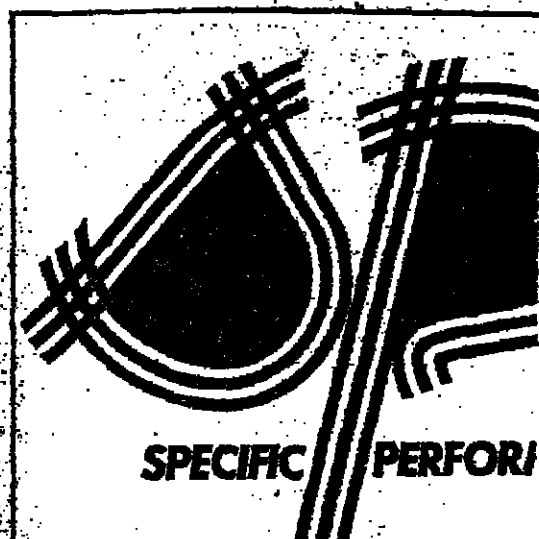
Mr. A. J. Gray and Mr. J. J. Raftery also retire from the Board of Ferranti.

Mr. E. R. Bradshaw has been appointed foreign exchange manager and chief dealer of the HUNGARIAN INTERNATIONAL BANK from July 15.

Mr. Adrian Evans will not be seeking re-election to the Board of FIRST NATIONAL FINANCE CORPORATION at the annual meeting on April 27. He is to be replaced by Mr. J. J. Raftery.

Mr. A. D. Nicol has become managing director of BRUCE PEEBLES INDUSTRIES. He was previously finance director.

Mr. N. R. Bishop has been appointed managing director of



### SPECIFIC PERFORM

Traditional company incentive campaigns are starting to suffer from the low of diminishing marginal returns. More subtle methods of stimulating performance are required, methods that do not smack of yesterday's handouts.

Specific Performance is a consortium operation recently formed to do just that by offering a sophisticated Voucher Programme based on the combined aspirational themes

of holidays and food. Consortium members: Wokefield, Fortuna, and the Jersey Scheme. Motivation who plan and plan.

For more information, this exciting new or telephone to Chs at the address below

Mr. John Mansfield has been appointed technical director of VANDEX (U.K.).

Mr. Michael R. Schimmelfennig has been appointed chairman and managing director of ESSO CHEMICAL.

Mr. J. D. Capetick has been appointed to the Board of HUNTING ASSOCIATED INDUSTRIES. He has been 28 years with the Hunting Group.

Mr. Norman Black has become general manager of the Sterling Money Market department of PHILLIPS AND DREW, stockbrokers.

Mr. Michael Hoare will become a member of LAING AND CRUICKSHANK, stockbrokers, from May 1.

Mr. J. M. Munro-Kerr has left the partnership of EARNSHAW HARRIS AND SONS, stockbrokers, to become an associate member of that firm. The following have been taken into partnership: Mr. J. F. Harkness, Mr. P. Leach, Mr. D. S. Cornelius and Mr. J. G. Walker.

CAPPER-NEILL has appointed Mr. T. J. Parker and Mr. R. G. Roberts to the Board. Mr. Parker was a director of Capper Holdings Ltd. Mr. Roberts the group secretary was a director of Wm. Neill and Son (St. Helens), both subsidiaries of Capper-Neill.

Mr. R. Eastwood has been appointed general manager of BERRY MAGICAL. Mr. L. R. Eastwood has relinquished his managing directorship and has become chairman. The parent concern is United Gas Industries.

Mr. J. Ogilvie Thompson has been appointed director of CHARTER CONSOLIDATED.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

## World Value of the Doll

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, April 21. All rates quoted are for U.S. dollars. All rates quoted are for U.S. dollars. All rates quoted are for U.S. dollars.

Bank of America

Eurodollar Libor as of April 22 at 11:00 a.m.

3 months 5 1/8 6 months 5 1/4

SDRI=SUS1.151

Country	Currency	Value of DLR	Country	Currency	Value of DLR	Country	Currency	Value of DLR
Algeria	Dinar (d)	174.5000	Guatemala	Quetzal	2.3862	Paraguay	Guarani	2.3862
Albania	Lek (l)	4.2302	Honduras	Lempira	4.7036	Peru	Soles	4.7036
Algeria	Dinar (d)	4.2302	Hungary	Forint (f)	2.3862	Philippines	Philippine	2.3862
Andorra	Escudo	6.72	India	Rupee	2.3862	Poland	Zloty	2.3862
Angola	Ang. Escudo	2.3862	Indonesia	Rupiah	2.3862	Portugal	Escudo	2.3862
Antigua	Ant. Dollar	2.3862	Iran	Rial	2.3862	Romania	Leu	2.3862
Argentina	Arg. Peso (p)	140.17	Iraq	Dinar	2.3862	Rwanda	Franc	2.3862
Australia	Australian \$	1.5869	Israel	Israeli \$	2.3862	S. Africa	Rand	2.3862
Austria	Schilling	13.7603	Italy	Lira	2.3862	San Marino	Lira	2.3862
Azores	Port. Escudo	2.3862	Japan	Yen	2.3862	Saudi Arabia	Riyal	2.3862
Bahamas	Bah. \$	1.00	Korea	Won (w)	2.3862	Senegal	CFA Franc	2.3862
Bahrain	Dinar	1.3104	Kuwait	Dinar	2.3862	Seychelles	Seychelles	2.3862
Balkans	Leu	6.72	Laos	Kip (k)	2.3862	Singapore	Dollars	2.3862
Barbados	Barbados \$	2.0000	Lebanon	Lebanese \$	2.3862	Sri Lanka	Rupee	2.3862
Belgium	Bel. \$	2.3862	Libya	Libyan \$	2.3862	Sudan	Sudan \$	2.3862
Belize	Belize \$	2.3862	Madagascar	Malagasy \$	2.3862	Swaziland	Swaziland	2.3862
Bermuda	Berm. \$	2.3862	Malawi	Malawi \$	2.3862	Sweden	Krona	2.3862
Bhutan	Indian Rupee	2.3862	Mali	Mali \$	2.3862	Switzerland	Franc	2.3862
Bolivia	Bolivian Peso	2.3862	Malta	Maltese \$	2.3862	Taiwan	New \$	2.3862
Bosnia	S. Rand	2.3862	Mauritania	Mauritanian \$	2.3862	Tanzania	Tanzania	2.3862
Botswana	Botswana \$	2.3862	Mexico	Mexican \$	2.3862	Thailand	Baht	2.3862
Brunei	Brunei \$	2.3862	Moldavia	Moldavian \$	2.3862	Togo	CFA Franc	2.3862
Bulgaria	Bulg. Lev	2.3862	Monaco	Monaco \$	2.3862	Tonga	Tonga \$	2.3862
Burkina Faso	CFA Franc	2.3862	Montenegro	Montenegrin \$	2.3862	Trinidad	Trinidad \$	2.3862
Burundi	Burundi \$	2.3862	Morocco	Moroccan \$	2.3862	Tunisia	Tunisian \$	2.3862
Cambodia	Riel (r)	2.3862	Mozambique	Mozambican \$	2.3862	Turkey	Lira	2.3862
Cambodia	Riel (r)	2.3862	Nicaragua	Nicaraguan \$	2.3862	Turkmenistan	Turkmen \$	2.3862
Cameroon	CFA Franc	2.3862	Niger	Niger \$	2.3862	Uganda	Uganda \$	2.3862
Canada	Can. \$	2.3862	Nigeria	Nigerian \$	2.3862	Uganda	Uganda \$	2.3862
Chad	CFA Franc	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Chile	Chile \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
China	Yuan	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Colombia	Col. Peso (p)	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Comoros	CFA Franc	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Congo	CFA Franc	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Cote d'Ivoire	CFA Franc	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Cuba	Cuban \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Czechoslovakia	Czech \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Danmark	Danish Kroner	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Dominican	Dominican \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Dominican	Dominican \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Ecuador	Ecuador \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Egypt	Egyptian \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
El Salvador	El Salvador \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Falkland Is.	Falkland \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Fiji	Fiji \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Finland	Finland \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
France	French Franc	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
French Polynesia	CFA Franc	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Gabon	CFA Franc	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Gambia	Gambia \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Germany	German \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Ghana	Ghana \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Gibraltar	Gibraltar \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Greece	Greek \$	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862
Greenland	Danish Kroner	2.3862	North Korea	North Korean \$	2.3862	Uganda	Uganda \$	2.3862

Not available. (2) Multiple exchange rate system. (3) Approximate rate. (4) U.S. dollar per sterling unit. (5) Argentine peso: effective March 8, 1976. Exchange rate system changed. (6) Official rate and tourist rate.

For further information please contact your local branch of the Bank of America.

# HEPWORTH CERAMIC HOLDINGS LTD

## "The challenge to British Industry today is to take advantage of the opportunities which in my view will, over the next few years, present themselves". Mr. John F. Booth, Chairman

The Annual General Meeting will be held on 19th May 1976 in London. The following are extracts from the circulated statement of the Chairman, Mr. John F. Booth.

In the year under review the principles guiding this company have been to maximize its profitability, to improve its liquidity and prepare for the economic upturn which, sooner or later, to a greater or lesser degree, is bound to come.

With this in view every division had to slim down on-going operations and cut back in many fields. In doing this we have in no way lost our faith in or prejudiced the long-term growth and development of the company. Expenditure in research and development has continued in every division and we have not ceased to look, study and plan for the future. In short we have in no way altered the basic principles which have guided this company now for many years past. When the economic storm blows itself out we intend to be in a position to go ahead and take advantage of the opportunities which are open to us and the opportunities before us are vast.

Many of these opportunities lie overseas and can be met by manufacturing in this country and through exporting. In our Refractories division we export to over one hundred countries and exports in this division alone totalled £12m. last year. Every refractory which we sold abroad was made in this country.

Your Board recommends a Final Dividend of 1.0849p per share which, together with the Interim, brings the total up to 1.934p per share, the maximum permitted under existing legislation.

CLAYWARE (The Hapworth Pottery Company Limited and its subsidiaries)

A difficult market in the year under review. Housing new starts in 1975 were 320,000, against the record figure in any one year of 448,000.

The building and construction industry, including motorways, roads, sewers and general construction, has been extremely low. We think we have now reached the bottom of the market in this division and expect a slow, but nevertheless welcome, upturn for its products. In the export field progress is steady. The economy of Europe is now on the move and we hope to take advantage of this. During the year

we purchased the assets and business of Nederlandse Gresbuisen Industrie B.V. in the Netherlands. In the Middle East we are also making steady progress.

REFRACATORIES (GR-Sola Refractories Limited and its subsidiaries)

Signs of a world-wide recession in the steel industry gathered pace throughout 1975 and not only in the steel industry; cement, glass, and aluminium industries have also suffered very considerably on a world-wide basis.

This division, therefore, had to operate in an ever-declining market and has had to meet this by maximising its production and keeping all operating works running at the best possible capacity available under the current conditions and closing on a temporary basis other works to achieve this object. When demand picks up we intend to be in good shape to pick up with it.

GR-Sola Refractories are manufacturers

of high performance refractories and this has certainly enabled them to ride out the storm. Their efforts in the export market are particularly encouraging and these will be doubled and redoubled as the economic upturn of the recession takes place.

INDUSTRIAL SANDS (British Industrial Sand Limited and its subsidiaries)

This division has had a busy year though the glass-making industry in particular has not been as buoyant as it was in 1974. The foundry trade has so far stood up well and the division is exporting resin-coated sand into Europe with success.

PLASTICS (Hapworth Pl











# MINING AND RAW MATERIALS

## Food group warns against 'green pound' devaluation

**surge year's output**

By Peter Bullen

FOOD MANUFACTURERS yesterday made a strong plea to the Government not to devalue the "green pound" in line with the fall in sterling because of the serious effect it would have on U.K. food prices and inflation. The group, the Food Manufacturers' Federation, said that a devaluation of the "green pound" in 1974 and 1975 had added £57m to the inflationary spiral in Britain for just three of the foods involved - milk, sugar and wheat.

These three foods were vital ingredients in products made by members of the Cocoa, Chocolate and Confectionery Alliance. If the present "green pound" was closed by a further devaluation of 12.4 per cent, the value of the £392m to food prices in this country, the Alliance said.

"These sums are far in excess of the total cost of monetary compensation amounts (MCAs) to Community funds for all the member States."

The higher food prices could hit consumption, drive more food into EEC intervention stores and cause a net charge to Community funds.

The Alliance also pointed out that the payment of MCAs - which effectively subsidise food prices to the UK - last year represented only a small portion of the EEC's farm fund budget. They were about 8 per cent of the 4.2bn. Units of Account spent. This compared with 18 per cent spent on wheat and 26 per cent on milk and dairy products.

Although the Alliance sees no immediate prospect of the Government yielding to pressure from producers to devalue the "green pound," it is anxious to influence any decisions that may be taken in the future. Mr. Ivor Thomas, chairman of its supply committee, said it wanted to ensure that the consumers' point of view was put forward.

If any changes in the "green pound" had to be made in the future, selective devaluations should be made to reduce the inflationary effect on all food prices.

Payment of MCAs was the means of guaranteeing that consumers benefited from the efficiency of British agriculture. It was a "green pound" devaluation that related returns to farmers to the prices needed to support less efficient farming economies in the EEC.

## World sugar estimate reduced

**PEST CONTROL**

**The tramline craze on arable farms**

**Constant Pest**

By John Cherrington, Agriculture Correspondent

TRAMLINING is the latest craze on arable farms. Leaving spaces wide enough for tractor wheel marks in cereal crops so that, during the growing period, the tractor can use them for successive treatments without damage to developing plants.

Because most spraying equipment uses these days a very wide, tramlines are said not to reduce yield. Plants on each side of the tramline will have the benefit of extra soil to grow from and the danger of damage by driving across the crop is correspondingly reduced.

In fact, wheel damage which can occur at any stage without tramping is more apparent than real. The biggest danger is late development of the affected plant which could spoil the sample by immature seed. It was a risk which most of us took in our studies.

Tramlining was first developed on the Continent - particularly in France, Belgium and Germany - as a direct result of very high prices paid for cereals during the formation of the Common Market.

Because of the extra margin provided by grain prices - for many years roughly double those in Britain - there was every incentive for farmers to spend money on fertilisers, weed killers and fungicides to try and improve yield and profit.

In the 1960s in Britain, the law of diminishing returns started to operate at a very low level in grain crops. Average treatment for wheat would be no more than a nitrogen dressing and a standard spray for weeds, after which the tractor and left nature to take its course.

To-day though, the theoretical advantages of using chemical controls are much more obvious.

alternative means of control. In the sphere of plant breeding, a great deal is already being done. Plant breeders select strains which demonstrate resistance to certain diseases and have had some notable successes. The trouble up to now has been the danger of resistance weakening as the pathogen, which causes diseases, after their means of attack. It is possible though, that the development of single cell culture, "cloning" may overcome this by enabling a particular resistance factor to be fixed in a strain.

Mr. Ordish also thinks that far too little attention is paid to the possibilities of introducing predators as a means of pest control. He instances the Mexican Prickly Pear, a form of cactus which someone introduced in Queensland in the 1890s. Within 30 years, this had covered some 10m. acres and was still spreading fast.

In the end, someone noticed that there was no Mexican Prickly Pear in South America, that there were moths feeding on other varieties of cactus in Argentina. The moths were brought to Australia and, within a few years, 25m. acres had been cleared by the activities of this insect at very little cost.

In Britain, ladybirds will eat aphids, birds some other insect pests, but so far their use has not been co-ordinated to any extent. The trouble with chemical pest control is that it is so effective in its initial application that no one seems to consider that it is worth spending time and money looking for alternative means of control. I agree with Mr. Ordish that it is time someone did.

The Constant Pest by George Ordish. Published by Peter Davies. 65.50.

## Special Tin Council meeting

**scraps scrapies**

By John Edwards, Commodities Editor

A SPECIAL meeting of the International Tin Council to review the market situation would be held in London on May 4, the Tin Council secretariat announced yesterday.

No official reason for calling the special meeting was given, but it is understood that subjects to be discussed will include the effect of export controls in force during the second quarter (April-June) and whether the "ceiling" price of the Tin Agreement should be raised from its present level of \$31.00 a pound. The present ceiling price at \$31.00 is only \$12 below the "ceiling."

At the March meeting, the Tin Council raised the "floor" price from \$29.00 to \$29.50, but left the "ceiling" unchanged. It also relaxed the export quotas to 35,000 tonnes for the second quarter of the year, against 32,500 in the first quarter.

It was felt that relaxation of the severe export controls in force during the first three months of 1976 might depress tin prices, despite the higher "floor."

In fact, values have moved into the upper price range of the Tin

**U.S. warning to palm oil exporters**

By Our Own Correspondent

KUALA LUMPUR, April 22. U.S. AGRICULTURE Secretary, Mr. Earl Butz, arrives in Kuala Lumpur to-morrow with a warning to Malaysian authorities to restrain their palm oil expansion programme. The U.S. has a quota of 100,000 tons of palm oil exports to the U.S.

Mr. Butz, who was in Jakarta early this week with a similar warning, is expected to express the concern of U.S. soyabean and cottonseed growers over the market of palm oil exports to the U.S.

**Mexico plans higher cotton production**

MEXICO CITY, April 22. MEXICO WILL boost its cotton output slightly in 1976-77, but production will still be less than half the peak level reached in 1974-75, according to the Agriculture Ministry.

It estimates sowing at 250,000 hectares, and production at about 1m. bales, of which 750,000 will go to domestic spinners and the rest for export.

Production fell to 820,000 bales this year, from 2.14m. in 1974-75, after Japanese buyers - who formerly took about half Mexico's exports - pulled out of the market. This left the Government with a big unsold stock.

**MORTGAGE INTEREST CUT**

The Agricultural Mortgage Corporation has reduced the interest charges for new fixed rate loans from 14 1/2 per cent to 14 per cent from May 1, 1976.

The rate on new variable rate loans remains at 12 1/2 per cent.

This action has been taken in the light of the abolition of stamp duty on transfers of fixed interest stocks which reduces by 1 per cent the cost of raising funds for fixed rate lending.

## MODITY MARKET REPORTS AND PRICES

**MODITY MARKET REPORTS AND PRICES**

fair turnover developed at around that price before production took back to the market. The market was thought to have been on the edge of a recovery to 1984, but when that market turned sharply down, prices followed and forward metal fell to 1975 before ending at 1975 levels in the afternoon. Turnover 2,500 tonnes.

Amalgamated Metal Traders reported that in the morning cash wirebars traded at 1985. 65.5, three months, 1986. 65.5, 66.5, 67.5, 68.5, 69.5, 70.5, 71.5, 72.5, 73.5, 74.5, 75.5, 76.5, 77.5, 78.5, 79.5, 80.5, 81.5, 82.5, 83.5, 84.5, 85.5, 86.5, 87.5, 88.5, 89.5, 90.5, 91.5, 92.5, 93.5, 94.5, 95.5, 96.5, 97.5, 98.5, 99.5, 100.5, 101.5, 102.5, 103.5, 104.5, 105.5, 106.5, 107.5, 108.5, 109.5, 110.5, 111.5, 112.5, 113.5, 114.5, 115.5, 116.5, 117.5, 118.5, 119.5, 120.5, 121.5, 122.5, 123.5, 124.5, 125.5, 126.5, 127.5, 128.5, 129.5, 130.5, 131.5, 132.5, 133.5, 134.5, 135.5, 136.5, 137.5, 138.5, 139.5, 140.5, 141.5, 142.5, 143.5, 144.5, 145.5, 146.5, 147.5, 148.5, 149.5, 150.5, 151.5, 152.5, 153.5, 154.5, 155.5, 156.5, 157.5, 158.5, 159.5, 160.5, 161.5, 162.5, 163.5, 164.5, 165.5, 166.5, 167.5, 168.5, 169.5, 170.5, 171.5, 172.5, 173.5, 174.5, 175.5, 176.5, 177.5, 178.5, 179.5, 180.5, 181.5, 182.5, 183.5, 184.5, 185.5, 186.5, 187.5, 188.5, 189.5, 190.5, 191.5, 192.5, 193.5, 194.5, 195.5, 196.5, 197.5, 198.5, 199.5, 200.5, 201.5, 202.5, 203.5, 204.5, 205.5, 206.5, 207.5, 208.5, 209.5, 210.5, 211.5, 212.5, 213.5, 214.5, 215.5, 216.5, 217.5, 218.5, 219.5, 220.5, 221.5, 222.5, 223.5, 224.5, 225.5, 226.5, 227.5, 228.5, 229.5, 230.5, 231.5, 232.5, 233.5, 234.5, 235.5, 236.5, 237.5, 238.5, 239.5, 240.5, 241.5, 242.5, 243.5, 244.5, 245.5, 246.5, 247.5, 248.5, 249.5, 250.5, 251.5, 252.5, 253.5, 254.5, 255.5, 256.5, 257.5, 258.5, 259.5, 260.5, 261.5, 262.5, 263.5, 264.5, 265.5, 266.5, 267.5, 268.5, 269.5, 270.5, 271.5, 272.5, 273.5, 274.5, 275.5, 276.5, 277.5, 278.5, 279.5, 280.5, 281.5, 282.5, 283.5, 284.5, 285.5, 286.5, 287.5, 288.5, 289.5, 290.5, 291.5, 292.5, 293.5, 294.5, 295.5, 296.5, 297.5, 298.5, 299.5, 300.5, 301.5, 302.5, 303.5, 304.5, 305.5, 306.5, 307.5, 308.5, 309.5, 310.5, 311.5, 312.5, 313.5, 314.5, 315.5, 316.5, 317.5, 318.5, 319.5, 320.5, 321.5, 322.5, 323.5, 324.5, 325.5, 326.5, 327.5, 328.5, 329.5, 330.5, 331.5, 332.5, 333.5, 334.5, 335.5, 336.5, 337.5, 338.5, 339.5, 340.5, 341.5, 342.5, 343.5, 344.5, 345.5, 346.5, 347.5, 348.5, 349.5, 350.5, 351.5, 352.5, 353.5, 354.5, 355.5, 356.5, 357.5, 358.5, 359.5, 360.5, 361.5, 362.5, 363.5, 364.5, 365.5, 366.5, 367.5, 368.5, 369.5, 370.5, 371.5, 372.5, 373.5, 374.5, 375.5, 376.5, 377.5, 378.5, 379.5, 380.5, 381.5, 382.5, 383.5, 384.5, 385.5, 386.5, 387.5, 388.5, 389.5, 390.5, 391.5, 392.5, 393.5, 394.5, 395.5, 396.5, 397.5, 398.5, 399.5, 400.5, 401.5, 402.5, 403.5, 404.5, 405.5, 406.5, 407.5, 408.5, 409.5, 410.5, 411.5, 412.5, 413.5, 414.5, 415.5, 416.5, 417.5, 418.5, 419.5, 420.5, 421.5, 422.5, 423.5, 424.5, 425.5, 426.5, 427.5, 428.5, 429.5, 430.5, 431.5, 432.5, 433.5, 434.5, 435.5, 436.5, 437.5, 438.5, 439.5, 440.5, 441.5, 442.5, 443.5, 444.5, 445.5, 446.5, 447.5, 448.5, 449.5, 450.5, 451.5, 452.5, 453.5, 454.5, 455.5, 456.5, 457.5, 458.5, 459.5, 460.5, 461.5, 462.5, 463.5, 464.5, 465.5, 466.5, 467.5, 468.5, 469.5, 470.5, 471.5, 472.5, 473.5, 474.5, 475.5, 476.5, 477.5, 478.5, 479.5, 480.5, 481.5, 482.5, 483.5, 484.5, 485.5, 486.5, 487.5, 488.5, 489.5, 490.5, 491.5, 492.5, 493.5, 494.5, 495.5, 496.5, 497.5, 498.5, 499.5, 500.5, 501.5, 502.5, 503.5, 504.5, 505.5, 506.5, 507.5, 508.5, 509.5, 510.5, 511.5, 512.5, 513.5, 514.5, 515.5, 516.5, 517.5, 518.5, 519.5, 520.5, 521.5, 522.5, 523.5, 524.5, 525.5, 526.5, 527.5, 528.5, 529.5, 530.5, 531.5, 532.5, 533.5, 534.5, 535.5, 536.5, 537.5, 538.5, 539.5, 540.5, 541.5, 542.5, 543.5, 544.5, 545.5, 546.5, 547.5, 548.5, 549.5, 550.5, 551.5, 552.5, 553.5, 554.5, 555.5, 556.5, 557.5, 558.5, 559.5, 560.5, 561.5, 562.5, 563.5, 564.5, 565.5, 566.5, 567.5, 568.5, 569.5, 570.5, 571.5, 572.5, 573.5, 574.5, 575.5, 576.5, 577.5, 578.5, 579.5, 580.5, 581.5, 582.5, 583.5, 584.5, 585.5, 586.5, 587.5, 588.5, 589.5, 590.5, 591.5, 592.5, 593.5, 594.5, 595.5, 596.5, 597.5, 598.5, 599.5, 600.5, 601.5, 602.5, 603.5, 604.5, 605.5, 606.5, 607.5, 608.5, 609.5, 610.5, 611.5, 612.5, 613.5, 614.5, 615.5, 616.5, 617.5, 618.5, 619.5, 620.5, 621.5, 622.5, 623.5, 624.5, 625.5, 626.5, 627.5, 628.5, 629.5, 630.5, 631.5, 632.5, 633.5, 634.5, 635.5, 636.5, 637.5, 638.5, 639.5, 640.5, 641.5, 642.5, 643.5, 644.5, 645.5, 646.5, 647.5, 648.5, 649.5, 650.5, 651.5, 652.5, 653.5, 654.5, 655.5, 656.5, 657.5, 658.5, 659.5, 660.5, 661.5, 662.5, 663.5, 664.5, 665.5, 666.5, 667.5, 668.5, 669.5, 670.5, 671.5, 672.5, 673.5, 674.5, 675.5, 676.5, 677.5, 678.5, 679.5, 680.5, 681.5, 682.5, 683.5, 684.5, 685.5, 686.5, 687.5, 688.5, 689.5, 690.5, 691.5, 692.5, 693.5, 694.5, 695.5, 696.5, 697.5, 698.5, 699.5, 700.5, 701.5, 702.5, 703.5, 704.5, 705.5, 706.5, 707.5, 708.5, 709.5, 710.5, 711.5, 712.5, 713.5, 714.5, 715.5, 716.5, 717.5, 718.5, 719.5, 720.5, 721.5, 722.5, 723.5, 724.5, 725.5, 726.5, 727.5, 728.5, 729.5, 730.5, 731.5, 732.5, 733.5, 734.5, 735.5, 736.5, 737.5, 738.5, 739.5, 740.5, 741.5, 742.5, 743.5, 744.5, 745.5, 746.5, 747.5, 748.5, 749.5, 750.5, 751.5, 752.5, 753.5, 754.5, 755.5, 756.5, 757.5, 758.5, 759.5, 760.5, 761.5, 762.5, 763.5, 764.5, 765.5, 766.5, 767.5, 768.5, 769.5, 770.5, 771.5, 772.5, 773.5, 774.5, 775.5, 776.5, 777.5, 778.5, 779.5, 780.5, 781.5, 782.5, 783.5, 784.5, 785.5, 786.5, 787.5, 788.5, 789.5, 790.5, 791.5, 792.5, 793.5, 794.5, 795.5, 796.5, 797.5, 798.5, 799.5, 800.5, 801.5, 802.5, 803.5, 804.5, 805.5, 806.5, 807.5, 808.5, 809.5, 810.5, 811.5, 812.5, 813.5, 814.5, 815.5, 816.5, 817.5, 818.5, 819.5, 820.5, 821.5, 822.5, 823.5, 824.5, 825.5, 826.5, 827.5, 828.5, 829.5, 830.5, 831.5, 832.5, 833.5, 834.5, 835.5, 836.5, 837.5, 838.5, 839.5, 840.5, 841.5, 842.5, 843.5, 844.5, 845.5, 846.5, 847.5, 848.5, 849.5, 850.5, 851.5, 852.5, 853.5, 854.5, 855.5, 856.5, 857.5, 858.5, 859.5, 860.5, 861.5, 862.5, 863.5, 864.5, 865.5, 866.5, 867.5, 868.5, 869.5, 870.5, 871.5, 872.5, 873.5, 874.5, 875.5, 876.5, 877.5, 878.5, 879.5, 880.5, 881.5, 882.5, 883.5, 884.5, 885.5, 886.5, 887.5, 888.5, 889.5, 890.5, 891.5, 892.5, 893.5, 894.5, 895.5, 896.5, 897.5, 898.5, 899.5, 900.5, 901.5, 902.5, 903.5, 904.5, 905.5, 906.5, 907.5, 908.5, 909.5, 910.5, 911.5, 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1048.5, 1049.5, 1050.5, 1051.5, 1052.5, 1053.5, 1054.5, 1055.5, 1056.5, 1057.5, 1058.5, 1059.5, 1060.5, 1061.5, 1062.5, 1063.5, 1064.5, 1065.5, 1066.5, 1067.5, 1068.5, 1069.5, 1070.5, 1071.5, 1072.5, 1073.5, 1074.5, 1075.5, 1076.5, 1077.5, 1078.5, 1079.5, 1080.5, 1081.5, 1082.5, 1083.5, 1084.5, 1085.5, 1086.5, 1087.5, 1088.5, 1089.5, 1090.5, 1091.5, 1092.5, 1093.5, 1094.5, 1095.5, 1096.5, 1097.5, 1098.5, 1099.5, 1100.5, 1101.5, 1102.5, 1103.5, 1104.5, 1105.5, 1106.5, 1107.5, 1108.5, 1109.5, 1110.5, 1111.5, 1112.5, 1113.5, 1114.5, 1115.5, 1116.5, 1117.5, 1118.5, 1119.5, 1120.5, 1121.5, 1122.5, 1123.5, 1124.5, 1125.5, 1126.5, 1127.5, 1128.5, 1129.5, 1130.5, 1131.5, 1132.5, 1133.5, 1134.5, 1135.5, 1136.5, 1137.5, 1138.5, 1139.5, 1140.5, 1141.5, 1142.5, 1143.5, 1144.5, 1145.5, 1146.5, 1147.5, 1148.5, 1149.5, 1150.5, 1151.5, 1152.5, 1153.5, 1154.5, 1155.5, 1156.5, 1157.5, 1158.5, 1159.5, 1160.5, 1161.5, 1162.5, 1163.5, 1164.5, 1165.5, 1166.5, 1167.5, 1168.5, 1169.5, 1170.5, 1171.5, 1172.5, 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## STOCK EXCHANGE REPORT

# Sharp setback in anticipation of increase in MLR

## Index drops 14.4 to 405.2—Falls to £3½ in Gilt-edged

## Account Dealing Dates

## Option

## First Declared Last Account

## Dealing Dates

## Dealing Dates

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## The Bank of England's signal

## and, in particular, to-day's

## Minimum Lending Rate shock

## in the British Funds and

## led to exceptional falls ranging

## to 2½ in the short "tap."

## The 2½ per cent. bill, at 92½

## just over a week ago the stock

## became operational, at 95½,

## for the first time since the first

## of issue. For much of the day,

## the bill had a steady upward

## quietly, but the debilitated

## weakness in sterling aroused

## uncertainty which turned into

## confusion following the Bank's

## narrowing of certain discount

## houses and their borrow-

## ings. The last half-hour's trading

## was hectic with jitters defen-

## sively lowering and widening

## quotations, a tendency which

## continued after-hours. Concen-

## trated issues were finally above

## the worst, but still over 2 points

## lower, while the shorts, with the

## exception of the "tap," sustained

## losses extending to 2½ points.

## Largely under the influence of

## sterling's weakness, the invest-

## ment currency premium rose to

## 100½ per cent. before closing a

## net 2½ points up at 107½ per cent.

## Yesterday's NE conversion factor

## was 0.6905 to 0.6871.

## Banks depressed

## Indications that the Minimum

## Lending Rate will be hoisted

## sharply to-day depressed an

## already dull banking sector.

## Dealers marked prices down

## further and Discount Houses also

## fell. The 100-day bill, at 92½

## and the 180-day bill, at 92½,

## both fell 2½ points. The 180-

## day bill, at 92½, fell 2½ points.

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## The 180-day bill, at 92½, fell

## 2½ points. The 180-day bill, at

## lower at 243½, after 240½.

## Bank earnings. Wilson (Connolly) lost

## a penny at 51½ following the

## results. Of the isolated firm

## spoon, Robins jumped 10 to 27½

## small buying in a bid market.

## Standing at around 400 at the

## House, the ICI reacted

## sharply in after-hours trading to

## close 4 cheaper on balance at

## 39½. Fisons declined 1½ to 37½.

## Farnes were also notably

## dull at 52½ down 5, on further

## consideration of the results.

## Electricals retreat

## Electrical leaders sustained falls

## ranging to 8, as in EMI, 246½,

## and Thorn Electricals, 288½.

## GEC retreated 7 to 160½, while Plessey,

## 79½, and Raytheon, 125½,

## both finished a shade above the

## day's work with losses of 5

## apiece. BICC came back 4 to 117½

## and the new oil-paid results of

## 3 to 24½ premium. Elsewhere,

## Fellow relieved the surrounding

## dullness with a rise of 8 to 176½,

## after 180½, reflecting support in a

## bid market, but disappointing

## annual results left Farnell Elec-

## tronics, a firm spot of late, 7½

## down at 81½. The profits

## advance failed to prevent a

## reaction of 3 to 135½ in Dale

## Electric. RSR fell to 103½ before

## closing a net 8 down at 195½.

## Stores and the fairly sizeable

## selling late and closed with some

## substantial losses. "Gastec,"

## declined 7 to 25½, while

## Mothercare, 180½, and Spirella,

## 27½, both ended 4 off at 91½

## following an adverse press men-

## tion. While LBS, at 83½, gave up

## the previous day's rise of 1, Falls

## at around 100 to 110½, and

## Hewlett-Packard, 100½, fell 1½

## to 98½. Higher earnings failed

## to inspire Home Charm, which

## shed 3 to 92½. Aurore, on the

## other hand, closed a penny

## better at 102½, reflecting the

## figure in the preliminary

## results. While Allied Retailers rose

## 4 to 127½ for a two-day gain of

## 10. In Shoes, Garmar Sentinella

## hardened 3 to 82½ on the results

## which accompanied the "rights"

## issue proposal. Ward White con-

## tracted with a fall of 2 to 17½

## in front of today's results. Sains-

## bury Engineering ended

## with losses to 12, this fall

## being common to Tube Invest-

## ments, 37½, Hawker, 44½, and

## GKN, 32½. Vickers, 125½,

## however, was sustained by profits in

## excess of market expectations and

## hardened 3 to 125½. Elsewhere,

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# FINANCIAL TIMES REPORT

Friday April 23 1976

## FIRE PROTECTION and SAFETY

Fire losses continue at an alarmingly high rate. This is despite all the appeals and incentives for management to recognise the penalties of fire, the efforts of organisations like the Fire Protection Association, new legislation and greater co-operation from professions like the architects.

The 1975 fire losses, the final tally in 1974 came out at £237m. The 1975 yet not broken under £213m. It played its part just as the trend towards concentration of units has had a considerable effect on the total losses. In 1974, there were 1,100 fires, of which 1,000 were caused by arsonists, 257 in 1973 and 305 in 1974.

It is calculated on the 1975 provisional figures that 35p in every £100 of Gross National Product was lost through fire, which compares with 26p in 1970.

longer sufficient to observe the maintenance and never turned through the Royal Institute of Architects is now incorporating dotted around the country. This is a parallel move with that of the fire brigade which is also now on the county basis. The importance of these Panels is that they bring

planning body with the main fierce advocate of fire prevention. At a recent conference held by the Fire Protection Association, Mr. M. C. Faiers, the GKN engineering group, pointed out to the assembly that when developing any new project, management will explore all the alternatives and try to provide for every contingency, employing the best brains and probably taking the advice of outside specialists. He therefore, felt it "curious that in the management of risk which can overnight put a company into bankruptcy, industry tends to delegate responsibility to a relatively low level of management who are almost wholly in the hands of outside advisers. For the most part, industry in the area of fire loss control does as little as is possible to comply with legislative requirements or only that which is imposed upon it by insurers."

Sadly, managements still concentrate on the costs of installing equipment, the loss of valuable management time and the general commercial aspects of a company. But if the Health and Safety at Work Act has to be observed—and indications are that it is being fairly vigorously applied—preserving safety of people is not too far removed from protecting equipment and assets. The two go together and at the end of the day it is a commercial subject.

Managements still respond to the argument that a sprinkler installation will save up to 70 per cent of premiums. They also see that with the rising costs of insurance premiums it is sometimes appropriate to set up captive insurance companies. It is significant that once a captive is created the management's attitude tends to change for the better because the money is coming out of their own pocket. Once converted, it seems, the industrialist often becomes a giving them effective training."

### Big losses continue

By Keith Lewis

The evidence of what fire can do to individual companies is overwhelming, and it would be quite inaccurate to suggest that this has been completely lost on management. Flixborough, ghastly as it was, can be seen with hindsight to have done more to shake management out of its apathy than anything else. Literature is all very well, but you cannot force people to read it; it takes a disaster, with appropriate publicity, to drive the message home. In similar vein, disaster films, like "Towering Inferno," have a greater impact than all the preaching in the world.

about the problem—it is being everyone watches the building burn down. There are grounds for some optimism, however. For example, there is a healthy demand for both specialist literature and films from the Fire Protection Association, etc.—management must ensure that there are people who know how to work the equipment efficiently. And the safety of people extends beyond the employees of the company to other members of the public. There are dozens of cases which show an alarming lack of system and approach. Any risk management consultant will relate the stories of sprinkler systems turned off for

use of certain materials in the design came into question. Certain industries with previously poor records have, in fact, made good progress. Plastics would probably be the best example, where insurance premiums soared to such an extent that the companies were virtually forced to find ways in which either to reduce or eliminate risk. Advice is certainly available for anyone who cares to seek it all out. One important development has been the expansion of the Fire Liaison Panel network. The actual design of buildings is now to the fore. In what could be described as a genuine break-

These people meet as a

### Operation

He further rounded on executives by saying that "there can be few areas where management so effectively abrogate their responsibility for the continuing successful operation of their business to junior subordinates and third parties." And added later in his speech, "You should never ask anyone to put their life at risk to protect your property without giving them effective training."

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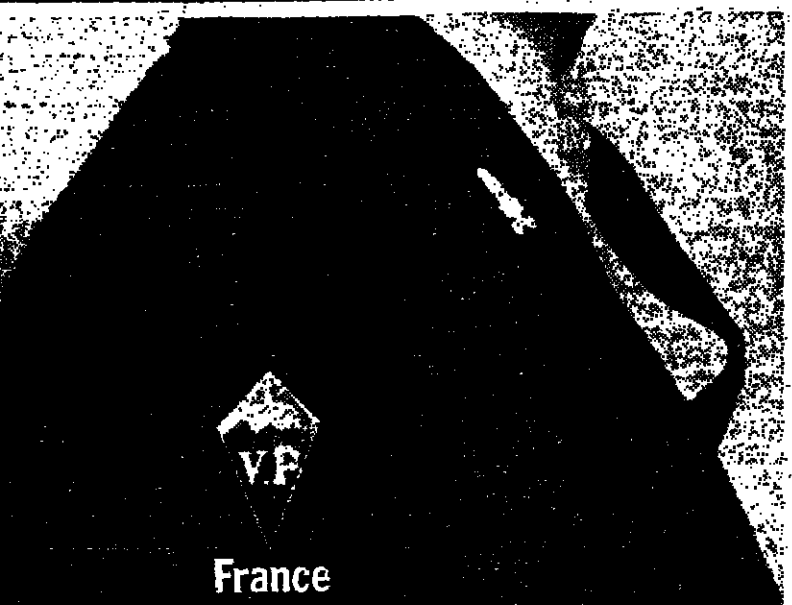


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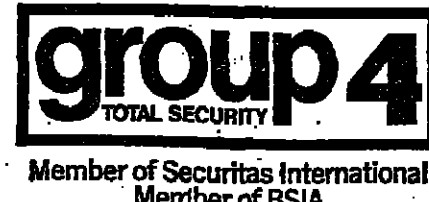
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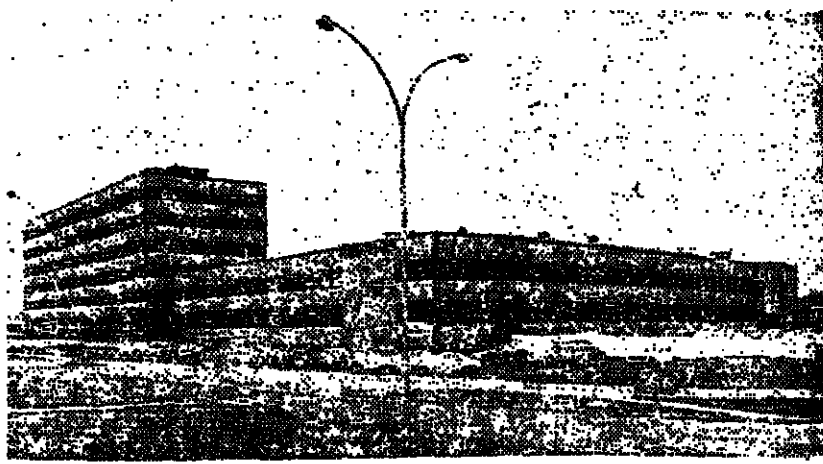
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# SAFES, SECURITY and ALARMS

The Fichet-Bauche merger was effected in 1967, by bringing together Fichet, founded in 1825, and Bauche, founded in 1864. They are now the top manufacturers of safes in France, having a wide range of Bankers' and commercial safes, vault room equipment, elaborate alarm devices, fire resisting cabinets, computer data cabinets, fire protection doors, high safety door locks, etc.

They are presently supplying 95% of all French financial establishments, and their reputation and expertise goes far beyond the French borders, with subsidiary manufacturing and/or sales companies in Great Britain, Germany, Belgium, Netherlands, Switzerland, Italy, Spain and Argentina.

With their 9 factories, Fichet-Bauche are one



Fichet-Bauche head office in Vélizy, near Paris

of the major manufacturers in the security field, putting strong emphasis on their service organisation. They are notable for their ingenuity in developing new, complex and sophisticated security products, representing the utmost in reliability.



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## FIRE PROTECTION II

# Standards of safety

PUBLIC CONCERN about fire safety standards is running at a peak level. This is hardly surprising. Many modern buildings and insulating materials are of a highly combustible nature and modern building designs are still tending ever skywards. Public awareness has also been heightened recently by the film version of fire dangers depicted in "The Towering Inferno". But there have been plenty of real life dramas over the last five years, illustrating the way fire risks have been compounded by modern design and technology.

A paper published after the 1975 Conference of Fire Protection Associations Europe

gave details of six case histories of fires in multi-storey buildings between August 1970 and February 1974. In each case there were fatalities and in each case the cause and fury of the fires were aided by the highly combustible materials used in the construction or equipping of the building. The increased oxygen supplied by modern ventilation and air conditioning shafts also played a major part in disaster. It is perhaps doubly disturbing that the most disastrous of these fires, indeed it was one of the most catastrophic fires of all time, was the last example. It was in Sao Paulo, Brazil, in February 1974 at the Joellina

building, a construction of 26 storeys. In the conflagration which destroyed the top 13 floors, 180 people were killed. Since many of the elements which fuelled the Sao Paulo fire were similar to those present in the first of the six cases in 1970, it may seem that the fire prevention specialists have been slow to learn their lessons. This is not true, however. It is, in fact, very difficult to make a building fire proof. The greater the precautions taken, the greater becomes the total cost of construction. But the designers are also faced with another problem. It is not always possible to tell, even from laboratory

testing, what the true reaction of a particular material will be in a full-scale fire. All building materials being used in the U.K. have been laboratory tested, but such a test cannot always take into account the full circumstances of a particular fire. For example, it is not possible in a small-scale laboratory test to judge how a material will react when the fire is being fed by a strong source of oxygen. Nor is it possible to take account of the combustibility of other substances which might be in close proximity to the tested material. It follows then that if a laboratory test does not always tell the full story it can

also sometimes prove misleading. A natural fibre material might, for instance stand up much better under the force of a small laboratory fire, than one of a man-made fibre, but it is likely that the difference in resistance under conditions of a roaring blaze would be virtually negligible. Even when the laboratory tests come up with an answer which appears irrefutable, the fire protection specialist cannot accept it wholeheartedly. Take the example of wood and steel. The former is an obviously combustible material whereas the latter is just as obviously not. However, it is possible that under conditions of intense heat a heavy wooden frame would prove a much safer support than one made from steel. Whereas wood will certainly burn if ignited, it will not buckle under a very high temperature as steel is quite likely to do.

This does not mean however that laboratory testing is a fruitless task, only that the results of such tests should be assessed alongside several other factors and they should not be blindly accepted. Indeed, the amount of research into the flammability of materials is greater now than ever before. Apart from the research carried out by the Government and the Fire Offices Committee (as the Joint Fire Research Organisation), the Department of the Environment has devoted a division of its Building Research Establishment to research in this field. The Fire Offices Committee has also set up its own Fire Insurers Research and Technology Organisation while the Home Office quite independently operates the Fire Service Technical College at Moreton-in-Marsh. Also, some industrial research organisations which have direct interests in combustible materials have developed testing facilities. These include the Timber Research and Development Association and the Rubber and Plastics Research Association.

All of these organisations, and many others which have sprung up in the last few years, are able to conduct valuable tests on the reaction of materials to the effects of fire, but none of them probably has the facilities required to conduct a test on the fire reaction of a whole building structure. This is a vital area for research but there are currently only two organisations in the U.K. equipped to carry out such tests. These are the Safety in Mines Establishment which following the creation of the Health and Safety Commission in 1973, now

embraces a much wider research than the Crater Associates studying the effect of fire on the stability of a whole building. The Fire Protection Association has given building design a consideration in and this aspect largely in its prevention in industry. As part of the Association's efforts into small scale fire tests, each one is given factory and asked report for the market as to how the building is protected against

## Tasks

One of the first tasks of the fire examiner is the design of the building, a consideration of the doorways, ventilation and other factors which a fire throughout the building would have on the replacement of timber doors and more fire-resistant materials. The placing of any other fire should enable a fire off within a party of the building's structure, how well the fire will stand fire. Certain distance between fire, though perfectly weight-bearing conditions, are quickly when on group would insist attention being taken of this type.

So far, it is protection specifications unable to find a fire can be prevented. After all, not allow for the part of the occupants may be able to recommission design which is resistant and not the current asbestos materials which can be in this field. But the experts, to delay the way fire-long under control before damage is done, occupants or to itself.

The effect of will be to involve. It will not to appoint one buy a few odds extinguishers, sp etc.—and call negligence can-b it is not the one or the faulty sp that is held resp senior management that could even sentence.

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## Management

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# Contingency planning

CONVENTIONAL RISK insurance covering buildings, plant, stock and raw materials will do the job of financing the physical rebuilding of a business should it suffer from a serious fire, but such insurance may only cover the "tip of the iceberg" when it comes to putting the business back on its feet. Even if the plant's efficiency is reduced to nought, bills will still come rolling in and wages will have to be paid, while profitability is down to zero. Therefore there could be a serious cash flow problem before the company can regain its former level of profits.

It may be that the works can be returned to viable production reasonably swiftly, but during those lost couple of months, customers will have turned elsewhere, perhaps for good. So, even if the plant is soon restored it may be a considerable time before the company recovers from a major setback such as a fire.

A lot of work can be done to avoid the worst effects of a fire by prevention, including the installation of equipment such as sprinklers. Similarly a lot of effort can be put in by way of contingency planning to ensure the swiftest recovery in the aftermath of a disaster. In the age of the computer, with the benefit of a vast amount of information and records assimilated in one place, it is as wise to keep this installation distant from the manufacturing area. Also, past tapes should be stored separate from the computer so that if current records should be destroyed by fire, there will be some records available, if only for insurance assessors to work on.

## Monitored

Possible alternative sites for production should be monitored, which could be purchased in order to restore production, or plans laid to turn warehouse space into manufacturing areas if need be. This work could be carried out by a "task force" set up to come into operation on the occasion of a disaster such as a fire. Likewise, up-to-date lists of contractors able to undertake repair, and suppliers of replacement plant, should be made so that swift contact can be made if necessary.

In a nutshell, management should organise a group of personnel to examine the possible consequences of varying degrees of production disruptions, and the swiftest and

easiest way to alleviate any such setbacks. Unfortunately, contingency planning tends to be ignored by all but the larger companies. But even in the smallest way some forward planning will at least equip management with a course of action when otherwise immediate reactions may be confused.

However, no matter how good contingency plans are, there will inevitably be some disruption to production and profitability, and this is where consequential loss insurance can play a vital role. Though this insurance can be arranged in a number of ways, the idea is to indemnify the insured against a reduction in profits for a set period following, say, a fire.

Consequential insurance is a particularly flexible type of cover and it is possible to get a bespoke policy to suit each company's own requirements. The most common type of policy covers gross profits. This is calculated on expected sales less raw material costs so that all costs including wages are covered. Following a fire the insurance company would make up the difference between expected profits and what the company is actually making.

Because of the sizeable amounts that are involved, premiums are often large. Many companies are therefore tempted to deviate from this straight gross profit type of cover and adjust for variables in the cover with a subsequent reduction in the premium. A fairly common adjustment is on wages. Sometimes management takes the line that wages after redundancy payments can be eliminated if the stoppage in production is for any longer than a month. However, in practice many find that even though the plant may be shut down there is a need to keep on a nucleus of skilled labour for when production resumes. So a compromise is to cover all wages for, say, four weeks then just a certain percentage of the wages bill to keep on a hard core of skilled employees.

It is essential when calculating expected future profits to allow for planned expansion and inflation, for it is an anticipated income that the business is insured. Equally essential is to insure for a sufficient length of time to allow profits to recover. Cover for 12 months is common, but in the event it may take two or three years before a site can be cleared, and a works rebuilt, put into opera-

tion and brought up to the level of profits it would have been making save for a fire.

While consequential loss insurance is, so far, fairly straightforward, it is flexible and can be turned to cover losses that a business might incur because of disruptions at its suppliers or customers. A fire at a major supplier or customer can be just as disastrous to a company's profits as a fire at its own works. Taking a hypothetical case, a company manufacturing power sewing machines would be in serious difficulty if its supplier of electric motors had a factory destroyed by fire. Similarly, the manufacturer of the electric motors would be in difficulty if the sewing machine works, which represents a major customer, was subject to a serious fire. A real life case was the Flixborough disaster, which resulted in a scramble by customers to import raw materials.

## Purchasing

However, it is possible to insure anticipated profits against raw materials drying up or customers being unable to continue purchasing. This takes the form of "customers' extension" or "suppliers' extension" to the existing consequential loss policy. The cover is either arranged as a percentage of the overall sum insured or turnover against each supplier or customer, representing the pos-

sible effect on anticipated gross profits if they could no longer continue trading with the insured.

Another variation on the theme which is not covered by a conventional consequential loss policy is the risk of fire at a property still under expansion, which would set back the start-up date. This is known as "advance profits" insurance and runs in the same way as conventional interruption insurance. However, because the plant has not become operative before the fire the insurance company will have to be satisfied that the plant would have become operative on the start-up date but for the fire and that the effect on gross profits is accurately determined. One difference with an advance profits policy is that the period of indemnity begins from the original start-up date and not from the date of the damage, for it is only from the planned start-up date that profits will be affected.

There are various other additions that can be made to a basic consequential loss policy, such as "denial of access" cover, where a fire outside the insured's premises restricts access to his works. And apart from these set formulas for cover, the sophistication of the insurance market allows for interruption insurance to be set up for most risks, providing that they can be brought down to a calculation in money terms.

Terry Garrett

# Impact of legislation

INDUSTRY HAS had to cope with a mass of legislation in the past. The Holroyd Committee on the Fire Service, which came out in 1970, listed 38 different Acts which dealt in some way with fire protection.

A speaker at a recent Fire Protection Association conference, Mr. G. T. Rudd, noted that there were now 40 different Acts.

However, there is a new Act — the Health and Safety at Work Act — which is all-embracing, even though its references to fire are not that frequent in the text. The Act came into effect on April 1, 1975. In 1970, Mrs. Barbara Castle, then Secretary of State for Employment and Productivity, appointed Lord Robens to chair a new body to look into the whole field of health and safety legislation. The Report was produced in 1972 and, in referring to existing legislation, it had this to say: "This tangle of jurisdiction is associated with a number of problems. The jurisdictional boundary lines do not coincide to provide a clear and comprehensive system of official provision for safety and health at work. On the one hand the separately administered statutes, taken together, cover nothing like the whole of the working population. On the other hand, some of them overlap in ways that can create uncertainty and confusion. Worse, the fragmentation of the legislation and its administration makes the task of harmonising, servicing and updating the various statutory provisions extremely difficult; and it is difficult to compartmentalise the expertise and facilities that are available to deal with occupational hazards."

The result of Lord Robens' deliberations has received wide acclaim, not least of all from the fire preventionists. The old powers were largely restricted to structural matters and there is a lot of evidence to suggest that these are only secondary in fire control. It does not really take an expert to tell you that the things that burn are the

contents, furniture and fittings and that quite often it is the smoke that kills not just the flame.

The Health and Safety at Work Act applies to work in an entirely different way to previous laws. To quote from an appraisal of the Act by Mr. David Farnham in a Keith Ship-ton Developments document, "The law has hitherto been characterised by its application piecemeal to particular types of premises by virtue of a statutory description. This has sometimes meant the denial of statutory protection to those who could have done with it because what they did fell outside the narrowly drawn terms of the definition." Mr. Farnham points out that as a result of the new Act about 5m. additional people are drawn into the protective net of legislation, and this includes the self-employed. The duties are not only applicable to employers but also to employees. In other words, everyone has a responsibility for everyone else's safety.

## Duty

The way the law is now constructed means that every employer will be forced to acquaint himself with the risk of fire in his operations. And his duty will extend to people other than those in his employment.

Section 2 of the Act states that "It shall be the duty of every employer to ensure so far as is reasonably practicable, the health, safety, and welfare at work of all his employees." It has been made perfectly clear that the "so far as reasonably practicable" passage will not be an escape clause for employers and it is expected that codes of practice will be published to give guidance on exactly what is regarded as reasonable. In any offence relating to having to do all that was reasonably practicable, it will be for the accused to prove that it was not practicable, or reasonably practicable, to do more than was in fact done to satisfy the duty, or that there

was no better means to satisfy the duty.

Employees must be provided within formation, instruction and training on the risks, and the employer must fully ensure that effective lines of communication are developed. Of course, the success of that will largely depend on the receptiveness of the workforce, since it is possible to issue pamphlets, post notices, introduce systems that would improve safety and yet fail totally in getting people to read or observe.

There are now duties imposed on everyone and personal responsibility for accidents is likely to be a hot topic in future. If a worker acts in a way that conforms with the management's thinking and an injury or death results, then clearly this is the fault of management. If, on the other hand, the worker acts contrary to the way in which he has been taught, then the fault must lie with the worker. One could imagine difficulties in a contested case, however, and it will be a matter for the courts in attempting to dispense justice.

As Mr. Farnham points out in his booklet, the Act could well result in a mass of records being kept to log the information of what training was given to whom, and when. The employer will presumably be more than tempted to do this to protect himself in the event of any legal action being taken.

It is also noted that whereas the employer's general duties are qualified by the phrase "So far as is reasonably practicable", there is no such qualification of the employees' duty. He has an unqualified duty to "take reasonable" care while he is at work.

Probably the greatest quality of the legislation is that it does not call for a simple "one-off" adjustment in standards; it imposes an on-going duty for employers and employees alike to maintain standards, and to constantly renew and update systems to cope with changing technology and conditions. So, from specifically the fire protec-

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## FIRE PROTECTION III

## Information services

foundation, the organisations, it helps solve of fire loss control and arrange it the potential for exist." This sound given at a recent

f of the Fire Protection—the official eading the cause insurance com- at keeping indus- of the latest tech- prevention.

Protection Associa- ned in 1946. But, the last 15 years has begun to make a wider public. In 1965 the FPA began series of informal

ween members of Insurance Associa- representatives of the British Industry of Fire Officers. In 1966 these meet- ically consolidated er of Fire Liaison

were set up with of the BIA. For a Central Liaison so formed. Where ntral Liaison Panel better understand- the various fire buildings.

Although its chief concern is with fire protection within industry, the FPA also works closely with official bodies more

ally to domestic fire prevention—like the public fire brigade and the Royal Society for the Prevention of Accidents. An area of operation that the fire service finds increasingly time-consuming is the advice that it gives (upon request) on the adequacy of means of escape from premises should a fire break out. The BIA has strongly welcomed the latest fire laws which give legislative protection to a wide variety of fire risks. Officers of the fire brigade will inspect shops and offices, while owners and proprietors of hotels and boarding houses must apply to their local fire authority for a fire certificate.

## Deluge

This order applies to premises providing accommodation for more than six persons. staff or guests. No lower limit is put upon accommodation above first floor level or below ground floor. There has been

a welcome deluge of fire legisla- tion in recent years and in many areas fire laws have been successfully tightened. How-

ever, roughly four-fifths of all fire deaths still occur in the home. Headway is now being made by some fire authorities in house-to-house visits to bring

a degree of education and control to home fire hazards.

The fire service is continually up-dating and expanding its own training programmes, and such consultation is made with fire prevention bodies as the FPA. At the senior management level there is the Fire Service College at Dorling; at the vocational and educational level there is the Fire Service Technical and Training College at Moreton-in-the-Marsh; while the Scottish School at Gullane looks after certain fire training commitments north of the border. Elsewhere, the fire service has extramural departments supplying programmes for station training.

However, as the "advice" given at the head of the article emphasised, fire prevention is most effective when it stems directly from within the organi-

sation liable to a fire risk. For the most part industry does as little as possible to comply with legislative requirements over fire control—or at least only those requirements imposed on it, by its insurers. Industry tends to protect itself against a risk that has not been properly identified, the consequences of which have not been measured. It thus protects itself according to someone else's standards and whose interests are not necessarily compatible with the business concerned.

Generally speaking, there are four parties most commonly involved with industry in fire loss control. These are the insurance companies, the broker, the fire equipment suppliers, and the public fire service. The insurance companies have as their prime objective the underwriting of specific risks at a commercial profit. Their interest is financial and therefore limited. Their objectives may be similar but they are not necessarily the same as the client they insure. By the same token the prime objective of an insurance broker is to generate income via the sale of insurance, although some companies—like Brown Shipley—provide some support services for the general management of risk.

The fire equipment manufacturers can advise on their own equipment but they plainly have a vested interest in selling what may or may not be the right equipment for the particular fire risk involved. The public fire service naturally has as its prime objective the preservation of human life, with the preservation of property coming second. The fire service can and does advise, but it cannot manage any individual fire risk.

There is no necessity for any fire to become a disaster. Effective fire loss control management practised continuously can guarantee that unacceptable losses will not occur because the risk will have been identified and measured while remedial action will have been taken to reduce the risk to an acceptable level. It is only when such measures are effectively practised that the fire risk is being managed and the corporate objective met.

Jeffrey Brown

## Sprinkler systems

ENTAL CHANGES, h rise buildings, nres and larger have put an even n on the various tion authorities.

constantly being combat this grow- but the sprinkler iably comes out as of fire prevention.

sprinkler systems human assistance ive, accept to turn supply when the een extinguished, the same time they are twenty-four hours of course, would include arson which is now accounting for a growing number of fires in this country. As such there are those that argue that the sprinkler system should be used as the last line of defence and not the first and only form of protection that is apparent in a number of cases

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by just one sprinkler while over 50 per cent of the fires were checked by two sprinklers or less and over 70 per cent by five or less.

These figures give a reasonable argument against the extent of water damage but the sceptics of sprinkler systems do not rest there. Explosions could cause a fracture in the water supply pipe and this could upset a system that is designed to get a certain volume of water in a certain area. Because of this latter fact it is also felt that the sprinkler system could be over-tended beyond its capacity to the event of a multiple fire. This, of course, would include arson which is now accounting for a growing number of fires in this country. As such there are those that argue that the sprinkler system should be used as the last line of defence and not the first and only form of protection that is apparent in a number of cases

Anyway the insurance companies are clearly in no doubt about the merits of a sprinkler system for on the installation of such a system a company or organisation can obtain substantial premium reductions. The savings on insurance premiums could be as high as 75 per cent, while at the same time it is possible to obtain grants in certain areas which together with the tax allowances mean that the systems can quickly pay for themselves.

Take the case of a company in a special development area whose fire defences were weak and the consequential losses y of fires over a high. The installation of years. During this sprinkler system would result shown that over 38 the fires surveyed thing up to 70 per cent, which ished or controlled on top of the cash grant and

tax allowances would mean that the system had paid for itself in less than three years.

Even in a non-development area where the risk may not be so high the effects of the 100 per cent first-year tax allowances and the premium savings could still mean that the system pays for itself in less than eight years.

An adequate supply of water is of course imperative if a system is to operate reliably. After all it has already been pointed out the importance of getting a certain volume of water in the right place at the right time. The importance of the right type of water supply is emphasised by the grading method adopted by the insurance companies when calculating premium reductions.

## Rebate

To qualify for the highest rebate an installation must have two independent water supplies one of which must be virtually unlimited, such as a connection from a public water supply, or from an elevated reservoir. A minimum running pressure of 25 lbs/square inch should be available at the highest sprinkler at all times. The water supply for the lowest class of installation acceptable must be capable of maintaining a pressure of 5 lbs/square inch. The approved water supplies for sprinkler installations are basically, public mains, elevated private reservoirs, automatic pumps boosting the water supply, pressure tanks and elevated tanks.

A sprinkler system with an adequate water supply, therefore, is the most efficient method of fire prevention in the eyes of

the insurance companies and indeed with the various fire protection organisations. Certainly these are proving invaluable in such areas as shopping precincts and in particular high rise buildings.

Large fires over the last three or four years in Tokyo and Rio de Janeiro have highlighted the problems of high rise buildings that are not installed with sprinkler systems. Although the buildings may conform with the various fire regulations, such as exists, in times of high occupancy people can be trapped in levels above the reach of the fire ladders. In America there have been a number of high rise disasters and much now is being carried out to combat this problem.

The growing use of larger warehouses with a greater height of stacked goods coupled with a move towards more automation has also led to a greater fire risk and here also sprinkler systems are undoubtedly the best form of defence. However, because of the height of the racks it is no longer sufficient to just install one set of sprinklers.

Without doubt then sprinkler systems are the best and most comprehensive form of fire protection equipment available to-day but the point made about the sprinkler being used only as the last line of defence does seem a valid one. It is therefore a dangerous practice to just instal a sprinkler system, gain the relevant insurance premium reductions and think that is that. Fire is after all a growing hazard and industry must equally strive to find additional methods of protection if the problem is not to get out of hand.

David Wright

## Management attitudes

ENT APATHY to aral, let alone fire aral, is one of the es for the fire pre- o overcome Exec- uted by return employed, earnings profits per head of not items that are cost money which vest be deployed in d cash, or take, up nagement time.

of the risk manage- tancies, like Keith developments, the is U.K., and that it will emerge. But hat the installation r system will knock off the insurance company has, to the insurance port- appropriate and that k elimination and f the portfolio a hundred thousand be saved a year to pick up. That n than not how the ement consultancies tracting their cus-

another trait of top t that the job of s, or buying insur- to a relatively ber of staff. So long has been appointed insurance cover of e average company nklender system is all worthy, but quite nance goes by the system may not even ate to the circum- may be inadequate, not matter in the mind. He has bought with hard cash and

that's the end of that.

Fortunately, this blissful attitude is about to come to an end—the Health and Safety at Work Act will see to that. It is no longer sufficient to fob off responsibility to someone else. Top management is obliged not only to ensure employees' safety, but that of the general public. They are required to set up a system of effective communications to deal with any accident, like a fire. They are required to anticipate rather than follow to the letter a rigid set of laws. They have to make a statement of policy with regard to their internal arrangements. And if, in the event of a disaster, their systems are found to be lacking, they can now be sent to prison for their negligence.

The new Act gives colossal powers and application of the law will have a heavy loading of discretion. And the consensus of opinion is that the new Act will be vigorously applied.

Small wonder, then, that managements are beginning to respond. It is just unfortunate that they have to be threatened with a spell in prison—that actually has not happened yet—before anything is done about it. The risk management consultancies are picking up a great number of inquiries at the moment and the Fire Protection Association is selling its literature and films at a rapid rate, and is also receiving requests for specialists to talk to workforces.

The main objective of the preventionists is to get senior executives to regard risk management, including all the aspects of fire protection, as part

and parcel of every day management; to convince them that the protection of the assets and the workforce are in many ways one and the same thing.

The benefits of such a policy are plain for all to see. Mr. Faiers of GKN, the engineering company, pointed out at a recent conference that one of the main concerns of management should be the consideration of consequential loss following a fire or disaster: "these consequential losses will include loss of turnover, possible loss of market, additional and increased overheads, the payment of non-productive and many other extraordinary and exceptional expenses, the totality of which is likely to exceed the cost of the actual physical damage." He pointed out that it is not always the size of the potential fire or explosion, but the severity of the subsequent loss.

## Temptation

There is the temptation, as mentioned before, that companies instal the most obvious hardware extinguishers, sprinklers, hoses, etc., without really incorporating that into any system. As Mr. Faiers says, "Fire hoses, fire-extinguishers and other fire fighting equipment, is just so much garbage unless it is designed for the hazards involved, it is maintained in good working order, and unless there are human beings available trained and ready to use the equipment effectively." He added later, rather tellingly, that "You should never ask anyone to put their life at risk to protect your

property without giving them effective training."

Mr. Faiers also had something to say about outside advisers, in that insurance brokers, insurance companies, manufacturers of fire equipment, and even the fire brigade had other objectives. "It is the responsibility of the chief executive and the managerial team to ensure as an inherent part of the normal daily duties that the risks of fire and explosion within and to the company are minimised to an acceptable level." "Fire risk management can only formerly be practised from within an organisation," he said.

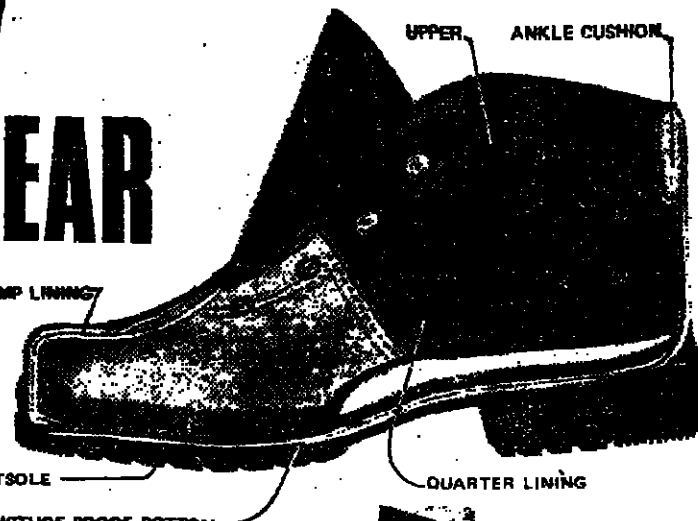
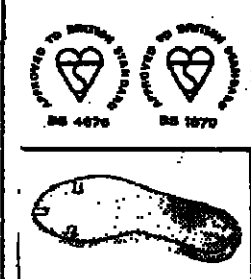
The really damning indictment of management from Mr. Faiers, concerning fire risk management, stated that "There can be few areas where management so effectively abdicate their responsibility for the continuing successful operation of their business to junior subordinates and third parties." He pointed out that: "The risks are a threat to life, physical assets, materials, products, documents and those features, particularly services, which affect production or profitability."

The reason that it is worth quoting Mr. Faiers so extensively is that (a) it shows the view of enlightened management, (b) it is up to date, (c) it is a major group and, therefore, especially worth listening to and (d) there is no mincing of words. But, then, it takes harsh words, disasters—like Summerland and Flixborough—to drive the message home. Legislation is yet another spur.

Keith Lewis

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## FINANCIAL TIMES SURVEY

Friday April 23 1976

## Swedish Pulp and Paper

Current short-term prospects indicate a recovery for the Swedish pulp and paper industry after the leaner days of 1975. The longer term outlook is also buoyant, although problems of raw materials and energy supply still need to be solved.

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PULP and paper industry are entering a more confident phase. The EEC decision not to raise the low of 20 to 25 per cent. from tariff quotas on paper imports from Sweden this year is causing concern. Instead, considerable thought is being given to the future relationship with the EEC and with the European pulp and paper makers, who are still tentative and the Swedish not entirely happy about Sweden's free trade agreement with the EEC.

Last year the recession in Western Europe brought with it a considerable fall in the consumption of pulp and paper, which in turn affected the Swedish industry. Swedish deliveries of market pulp sank by nearly a third from 5.1m. tonnes in 1974 to 3.48m. tonnes in 1975. Although the pulp mills worked on average at only about three-quarters of capacity, they had to invest heavily in unsold stocks, now amounting to well over 1m. tonnes. Exports of paper and board dropped by nearly 29 per cent. while production sank by 19.5 per cent. from 5.5m. tonnes in 1974 to 4.44m. tonnes and many mills worked at only 70 per cent. of capacity. The situation varied considerably from one paper category to another with newsprint deliveries, for instance, declining by only 1.5 per cent. against a 47.7 per cent. fall in greaseproof and 42.8 per cent. in fine paper qualities. Pulp prices were even improved last year thanks to the Nordic countries' common front and to the strikes in Canada which cut back Canadian supplies to Europe, but paper prices dropped by anything up to 30 per cent. or even more.

Pulp production and deliveries continued at well below capacity in the first three months of this year but the first increases in demand were registered in April. Producers of

of worker control over capital woodfree printing and writing formation, are entering a more confident phase. The EEC decision not to raise the low of 20 to 25 per cent. from tariff quotas on paper imports from Sweden this year is causing concern. Instead, considerable thought is being given to the future relationship with the EEC and with the European pulp and paper makers, who are still tentative and the Swedish not entirely happy about Sweden's free trade agreement with the EEC.

## Poker

The pulp situation has developed into something like a game of poker between the Swedish suppliers and their European customers, who have been hoping that a combination of soaring stocks at the mills, the economic pressures on the Finnish producers and the end to the Canadian strike would bring prices down. The message from the Swedes is that they expect to maintain their prices through most of the year and to get increases of some 15 to 20 per cent. from the beginning of next year, if not the autumn. Their stocks, they believe, are going to be a source of strength not weakness, when the market recovery is in full bloom next year. Their tenacity over pulp prices has been reinforced by the Government's stock support measures, designed to maintain employment. Mills undertake to keep employment at the level prevailing last June can get state subsidies amounting to 20 per cent. of the increase in the stock values of finished or semi-finished goods. They can also in some cases obtain advance payments of these subsidies and guarantees for financing their inventories.

## EXPANSION AND PRODUCTION PATTERN

	No. of units		Total annual capacity '000 tonnes		Average per mill '000 tonnes	
	1960	1974	1960	1974	1960	1974
Pulp mills .....	127	95	5,570	10,810	44	114
of which						
Mechanical .....	41	24	1,365	2,150	33	90
Semi-chemical .....	4	7	65	440	16	63
Sulphite + dissolving .....	51	33	2,105	2,120	41	64
Sulphate .....	31	31	2,035	6,100	66	197
Paper mills .....	76	65	2,275	5,740	29	89
of which						
Newsprint and magazine paper .....	7	7	785	1,770	112	253
Fine paper .....	13	12	200	450	15	39
Sulphite paper & greaseproof incl. Kraft paper .....	10	8	180	260	18	34
Other paper .....	15	14	220	1,320	47	95
Board & paper-board .....	7	7	85	440	12	63
of which						
unbleached kraft liner .....	1	2	30	720	30	360

The pulp and paper industry paper mills grew from 31,000 to 89,000 tonnes. During this period the pace at which old equipment was scrapped accelerated, allowing for the introduction of new machines with much larger widths and higher speeds, producing standard qualities in long runs. The Swedes have, thus, specialised in bulk goods, such as newsprint, sack paper, kraft liner and corrugated fibreboard, processing higher proportions of their pulp production at home. It is now widely felt that a limit has been reached in economies of scale and the pressure is on for even greater integration of the mills, a trend reinforced by the recent warning of overfelling in the forests. Swedish mills are the largest suppliers of pulp to the EEC market and the prospect is

alarming for those European papermakers who rely on Swedish pulp.

The Swedes are eager to give reassurances at least about short- and medium-term supplies, arguing that the European buyers have been misreading the situation and anticipating too swift a decline in deliveries from Sweden. The moratorium on the feelings and the heavy cost of new investments mean that decisions about the introduction of new product lines will be delayed and further integration of the mills cannot be effected so quickly. Market pulp capacity should not decline and could rise slightly over the next five years, the Swedes point out. The Pulp and Paper Association has recently been encouraging the pulp mills to make long-term contracts with buyers, in order to reassure the European papermakers.

Nevertheless, it is evident that the relative share of Swedish supplies to the EEC papermaking industry is going to drop. The European mills, as they increase output to meet rising consumption, will have to seek new sources of pulp, either by developing their own—there are unexploited forest reserves, particularly in West Germany and France and waste paper recovery can be extended—or by helping to develop untapped sources in North America and the developing countries. (The pulp supply and raw materials situation are dealt with at greater length in other articles in this survey.) Some Swedish companies, notably MoDo have been developing plantations in these countries with the idea of selling at least part of the eventual wood and pulp output to Europe.

The Swedish Mills' sensitivity to the pulp supply question

stems from the delicacy of the relationship with the EEC, their major market. In principle the free trade agreement between Sweden and the EEC, which came into force in 1973, provides for progressive abolition of tariffs on paper imports from Sweden by 1984, but during the present recession both Continental and British paper-makers have been pressing for delays in the de-escalation procedures. The Brussels Commission, reacting to Swedish restrictions on shoe imports, decided not to raise the quota ceilings for Swedish paper imports this year.

## Natural

At stake is the Swedish pulp and paper industry's long-term relationship with the EEC. Swedish paper and board have been declared "sensitive" products in the free trade agreement, in order to allow the European industry time to reorganise and improve its competitive position, but from 1984 onwards it will be exposed to the full force of efficient, large-scale Swedish production. And it is the EEC which offers the Swedes the best opportunity for the integration and movement towards higher added value products which they must pursue to improve earnings and maintain employment. The Swedes wish this process to be supplemented not to provoke a possible change of mind in Brussels about the abolition of tariffs. In typical Swedish fashion they are looking for compromises which also protect their interests.

Their basic argument is that under a natural product differentiation Sweden would continue to concentrate on the bulk

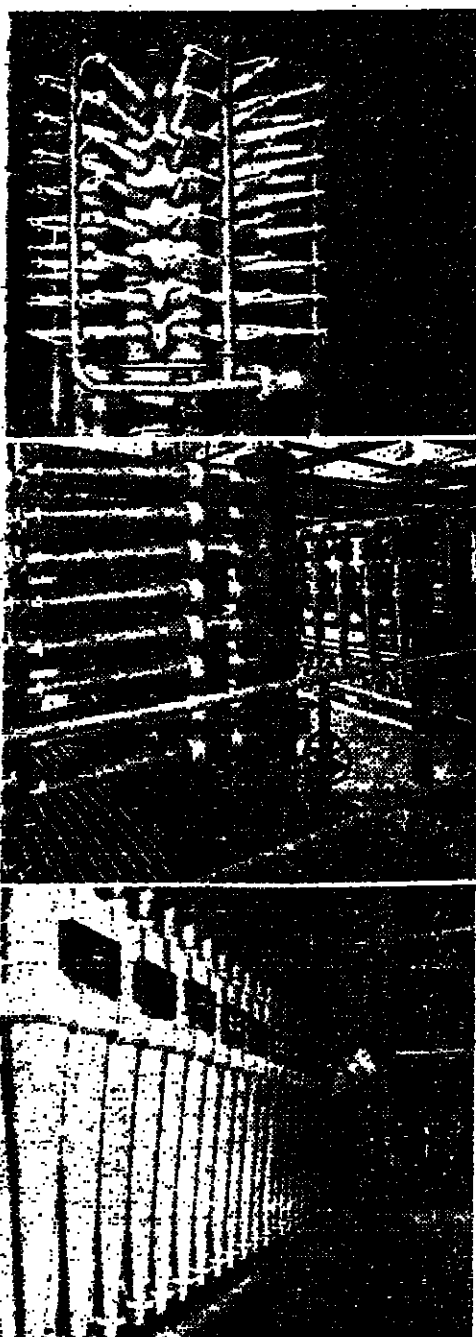
This Survey was written by William Dullforce, Nordic Correspondent

products in which it has already specialised. The more fragmented European industry would follow a process, similar to that through which the Swedish mills have already passed, of grouping into larger units. It would expand into products based on its own fibre resources and would specialise in products best produced close to the market, possibly manufactured from semi-fabricated materials imported from Sweden and the other Nordic countries. Such a scenario would open the way for long-term marketing arrangements, joint ventures and even take-overs, but for Swedish companies' forward integration into Europe faces complications.

The most immediate is the attitude of the unions, in particular the powerful Paperworkers' Union, who want integration to take place inside Sweden, providing jobs for Swedes rather than for other Europeans. They are also opposed to capital exports which do not promote employment in Sweden. In the present politico-economic climate in Sweden, where the Co-determination Bill presented to Parliament will substantially increase the power of the unions to affect management decisions and where proposals for wage-earner funds could extend union control to capital, the union attitude can be decisive. In the past the Swedish unions have chosen pragmatic rather than doctrinaire solutions, when the national interest has been clearly demonstrated, and there is every chance they could alter

CONTINUED ON NEXT PAGE

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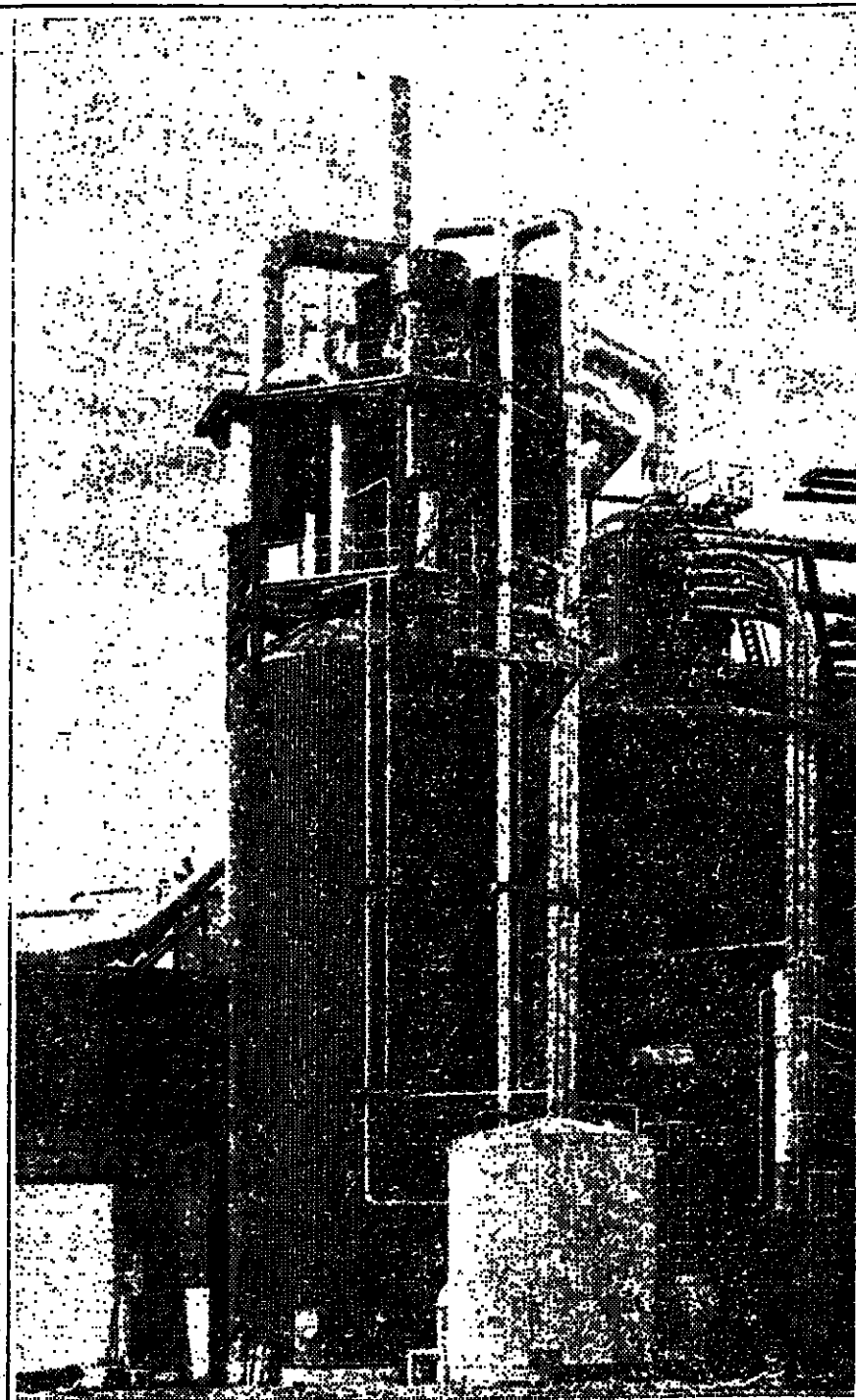
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# Raw materials policy needed

THE WOOD supply is probably the single most determining factor for the future development of the Swedish pulp and paper industry. There is general agreement that it will impose a limit to expansion but there is so far no agreement about where the limit will lie. It can almost be said that there are as many views as there are experts on the subject. The Government's forestry commission has submitted a preliminary report, indicating that the Swedish forests are being over-cut. Many papermakers consider that the report over-dramatised the situation but the Paperworkers' Union reacted with a demand for state control of timber consumption and of the future structure of the industry in order to preserve employment. Some companies have started to import wood, some have invested in forest plantations in South America and Africa, while others argue that expansion based on foreign raw materials is a high risk undertaking.

In short no long-term policy yet exists, although a policy is needed and, when finally adopted, will have a fundamental influence not only on the size and shape of the Swedish industry but also on its relations with other industries, first and foremost with the EEC papermakers. This is an un-Swedish situation and certainly by 1977, when the forestry commission is due to present its final report, some kind of consensus will have been reached and the picture will be clearer.

The current situation can be briefly summarised. In February last year the commission reported that, if the forest industry's present capacity were fully utilised, the take-out from the forests would exceed their current growth. Wood consumption during the boom year 1973/74 was 84m. cubic metres against an annual growth of 70m. cubic metres. Cutting at the rate of 84m. cubic metres a year over the next ten years would have to be followed by a reduction to an annual level of 70m. or even 66m. to arrive at a sustained yield. Company replies to the commission's questionnaire indicated that of the Forestry Board and an expansion plans already authorised and normal rationalisation.

of existing plant could lead to an annual demand of 90m. cubic metres during the next market boom. Expansion had to be halted and measures had to be taken to improve the forest yield by better management and silviculture and by making use of those parts of the trees at present discarded.

Already in 1974 the industry and the Royal College of Forestry had started a three-year project on whole-tree utilisation (in collaboration with the Finns) with a budget of about Kr.18m. (€1.35m.). Early in 1975 the Pulp and Paper Association initiated a joint industry project to increase their use of thermo-mechanical pulp, which provides a higher yield from a given amount of wood. In May the industry announced a voluntary co-operation agreement under which the companies undertook not to increase their Swedish wood consumption beyond the 1973 or 1974 level except when an expansion of capacity had been started before March, 1975 or had been officially authorised. Three regional timber committees, embracing the wood consumers, the forestry service and the forest owners, were set up to analyse the situation and help bring about agreements between producers and consumers to fit the supply situation. The aim behind the industry's move was to gain a breathing space for a more thorough survey of the wood situation and of possibilities for improving the yield.

In October, in an address to the Social Democrat Party's congress, Mr. Rune Johansson, the Minister of Industry, declared that the Government regarded the industry's voluntary moratorium as only a temporary solution. The Government intended to present an overall industrial policy in 1977, when the forestry commission had published its final results. No further expansion plans beyond those already agreed would be approved until the picture had clarified. An advisory working group, comprising Government, industry and union representatives, is to prepare the ground work for the Government programme. Last month the Government presented a bill to Parliament for the re-organisation of the Forestry Board and an expansion plans already authorised and normal rationalisation.

To oversimplify the situation it may be said that the forestry experts emphasise long-term prudence against short-term advantage. They want to stabilise the overall level of cuttings for some time to come, severely limiting the industry's expansion potential. Some of them believe the major companies owning their own forests and the state foresters have been overcutting, in order to take advantage of the recent high prices and cut back the interest charges in their profit and loss accounts.

## Argue

The pulp and papermakers argue that the commission's preliminary calculations assumed no improvement in silviculture and forest management techniques and left out the yield that could be obtained from better tree utilisation and greater use of recycled paper and board. It is also rumoured that a stump inventory recently conducted by the commission will show that the 1973-74 cut was less than stated in its preliminary report. Both sides agree that there must be some limitation on the increase in the felling rate and, curiously, that more wood could be obtained from the farmers, who own half the Swedish forests, if their tax position were to be eased. Here would seem to be profitable ground for agreement.

The overall picture is complicated by the fact that the real wood deficiency is in the north, where trees grow more slowly, and the mills face a lack of pulp materials. Forest expansion has been heavier in the south, to which the main weight of the sawmill industry has also shifted, adding another element of flexibility. The sawmills can be run to give from 40 to 55 per cent. chips for the pulp mills, according to conditions and prices. With pulp log prices high, some saw mills have

already started to solve the competition between logs for timber and for pulp by importing from Poland and West Germany.

The whole tree utilisation project is based on the assumption that the proportion of usable fibre material currently obtained from the tree — about 65 per cent. from the trunk — can be increased, if harvesting and pulping techniques are improved. The most recent hints from the project workers suggest that the use of the stumps could have increased the 74m. cubic metre take-out of 1973-74 by 57m. cubic metres. On the other hand there is more doubt about the value of thinnings and branches, where the bark content is high.

Foresters and industrialists appear to agree that the fastest way of increasing growth is by extending fertilisation, but this could bring a clash with the environmental lobby, which brought about a ban on the use of DDT as a forest insecticide from January 1 last year. Fertilisation could become a political issue. Environmentalists argue that seepage of fertiliser would affect ground water sources.

The introduction of improved seedlings and faster growing species, such as the North American lodgepole pine already being planted will, it is generally agreed, increase forest yields in the longer term, while more consistent forest management could have an even quicker effect. The South Swedish Forest Owners' Association estimates that it could improve the growth in its forests from the present 4.8 cubic metres per hectare/year to 5.2 cubic metres or by 8 per cent. within ten years by spreading the latest forest management techniques.

Swedish companies have already started importing wood and investing in alternative wood sources abroad. Three companies, Stora Kopparberg,

Korsnäs Marma and Kopperfors, announced last year that they were thinking of starting plantations in Liberia and Gabon. Iggesund among others has been importing chips from the southern states of the U.S. for some time, while MoDo has been buying from the Soviet Union. MoDo's managing director, Mr. Matts Carlgren, is the foremost advocate of wood imports, not surprisingly in that his company obtains only about a third of its wood supplies from its own forests and is the second largest Swedish buyer of wood after the state-owned ASSI.

MoDo has a joint plantation venture with the Batistella conglomerate in Brazil, covering an area of some 40,000 hectares, of which 8,000 hectares has so far been planted, mostly with pine. The intention is to plant half the area with pine to give long-fibre pulp for kraft paper and half with fast-growing eucalyptus, which will provide a short-fibre pulp suitable for tissue paper. Mr. Carlgren calculates the total costs for imported wood chips to be between Kr.150 and Kr.200 a cubic metre. Even if the import is marginal, he argues, it would allow Swedish pulp makers to extend their capacity and retain their competitive strength, when faced with competition from new mills.

## Commercial

If MoDo's short-term aim is to import chips from Brazil, it is also calculating in the longer run on selling pulp produced in Brazil to West European papermakers. At this point we encounter considerations which have as much to do with commercial policy as with profits. The Swedish pulp and paper makers are keenly aware of the need to maintain the commercial goodwill of the EEC, whose papermakers, many of them dependent on supplies of Swedish pulp, look with a jaundiced eye at the

for greater in domestic consumption pulp. If Svec are helping to prosper industry, they are helping to prosper the EEC to be easy the terms of agreement with eventually disca all paper and from Sweden.

Mr. Bo Rydman, director of SCA a similar train of he suggested in London in 197 and European F should get fore in joint venture forest resources in countries, response.

The views of and Mr. Rydman by all their to remembering th which had a tra Sveden, ask there would be t ing countries wood or pulp's poan paper-ma capital and th are high, it is quities experi Norwegian Be pany in Brazil a Mr. Carlgren i political risks investments abroad can be spreading the more than one.

From the ge hovering over t and paper-ma supply positio at least one will be of little European cus new capital going to be whether the into forest for silviculture, ex pitot wood in foreign plant material price to come down.

# Fighting pollution

AS BEFTIS a nation which hosted the World Environmental Conference, the Swedes have always been well to the fore in fighting pollution. This is also true of the pulp and paper industry, whose discharges into the water and air are among the most noxious. With the outstanding exception of effluent from pulp bleaching processes, Swedish papermaking engineers claim to have the pollution problem beaten. This by no means implies that all Swedish mills have reduced their discharges to an environmentally satisfactory level and in fact the Pulp and Paper Association calculates that the industry will spend some Kr.1.5bn. (€185m.) on pollution control measures between 1975 and 1979. But it does mean that technical solutions have been found to cope with pollution by the mills and important reductions have been achieved in water pollution.

Significant as the Swedes' contribution to the techniques of reducing discharges from the mills has been, their approach to the whole issue of pollution control is perhaps even more interesting. In contrast with most other countries the authorities have not introduced official standards with which companies have to comply within stated time limits. Instead, the problem has been tackled through co-operation between the Government and the industry with the mills investing in an important joint programme. The result has been to keep up the pressure on the companies but at the same time to maintain a neat balance between what is technically feasible and economically viable.

The law states that the mills must avoid damage to the environment as far as is technically possible and within reasonable economic limits. In practice this means that other mills are expected to follow suit, when one mill introduces improved control measures at reasonable cost. Research and technical developments are made available to everyone. Recommended values are operative for air pollution, while on the water pollution side unofficial effluent values are observed.

Enforcement is achieved through the Government board which issues ten-year concessions for new industrial plants and for expansions to existing enterprises. When seeking a concession, a company has to submit a technical report, covering environmental aspects. This report is sent to all the authorities concerned, including the Environment Protection Board, which advises the Government on the suitability of the anti-pollution techniques proposed. The local county authority responsible for a thorough statistical survey of

the industry's environmental situation and of the technology available to solve pollution problems. In addition it undertakes research or pilot studies into eight major areas of pollution:

1. Enclosed systems in cooking, washing and screening.
2. Reducing water pollution during bleaching.
3. Evaporation and condensation treatment.
4. Accidental discharges.
5. Methods of handling and disposing of sludge.
6. Enclosed systems in paper mills.
7. Biological and chemical treatment of effluents.
8. Reducing the emission into air of harmful gases, dust and sulphur oxide.

The cost of carrying out these eight projects was far more than the Kr.27m. budget and is estimated to have involved some 300 technicians, many of them seconded by one company, the work was done on a co-operative basis by the SSVL, the Swedish Forest Protection, the Research Laboratory (SIFD), the Swedish Water and Air Pollution Research Institute (IVL) and the company laboratories, frequently with a technician from one company working in the laboratory of another. The results published in 1974 and on sale to interested foreigners formed the foundation for future pollution control work and investments in the Swedish mills.

SSVL is continuing work on 11 more subsidiary projects with a further two being planned, but it also took the initiative last year for the setting up of Nordmiljö 80, a three-year Kr.11m. (€1.35m.) research and development project involving the central research institutions of the Finnish and Norwegian pulp and paper industries. This is designed to analyse and develop methods for the automatic control of waste and of the additives used during pulp and paper making. The project was prompted partly by the demands now made on the mills to report regularly to local authorities on the discharge and overflows from their operations, an exercise which calls for continuous measurement and therefore is costly.

## Flexibility

The flexibility of the system has both satisfied the environmental lobby and avoided the harm that rigid standards might have inflicted on the country's premier exporting industry. It has also enabled the Government to weigh local employment factors. It has worked because of the almost unique degree of co-operation and mutual understanding prevailing between the authorities and private industry, the rapid dissemination of the results of any research and development and the involvement of the whole pulp and paper industry, ignoring competition between companies.

The Swedish pulp and papermakers' initiative and enterprise in the pollution field were exemplified by the three-year SSVL programme completed in 1973 at a budgeted cost of Kr.27m. (€3.3m.), of which the State technical development Board contributed the odd Kr.7m. and the industry the rest. The Forest Industries Water and Air Pollution Research Laboratory (SSVL) was commissioned in 1970 to produce

approach, in notably the U.S. Union, the control effort treatment of the External treati vely costly not requires the e considerable a usually through the beginning tended to be possibilities pollution interr up the produ They applied ment only whe native existed tion of the recycling of s liquor residue: Swedish metha

Invested Altogether, figures supplied the Swedish i industry inve environmental measures duri period, and th ten-year perio pected to reac in addition t automatic co emphasis is b solving the ble Three main ap discerned. The Uddeh which earlier method for col smelling gases sulphate pulp destroying then is operating at hall plant a pil on the ion ex This is now to full production successful, it consumption of cubic metres p and substantial BOD pollutant the discharge materials.

Towards the a report should a two-year proj in co-operation which entails bleaching waste recovery system been pioneers in ing techniques proceeding on t discharges by chlorine stage bleaching stage. Thirdly, ex being made on digestion of the more lignin, alk feation of it bleaching process is to reduce i waste to a poi be treated by ai methods mentio ion exchange syst into the recovery



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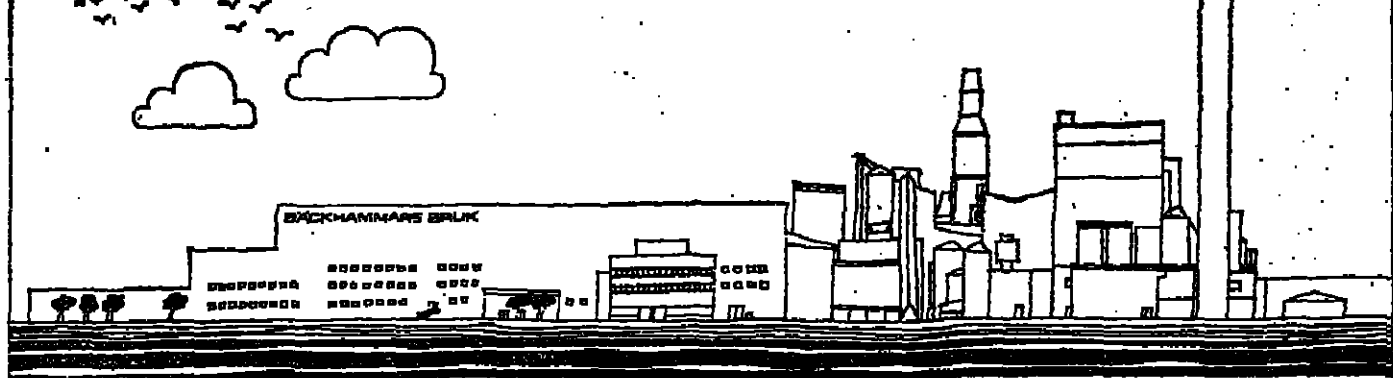
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فاندا صم الاصل



# Recovering the waste

the first country which are already established in d to legislate for the field and have adequate recovery, a measure known as Non-profit making be said to reflect organisations which have been at discipline of the running "genuine" collecting he seriousness with operations will also be allowed are tackling the to continue.

As far as the households are industry. Moreover, compulsory separation among paper realised, Sweden a major importer the area where the biggest per from Europe, advance can be made. The total ritan, during the consumption of newsprint and Talks have already magazine paper in 1974 was h producers in about 435,000 tonnes, of which and and West only some 140,000 tonnes were recovered, households contributing a mere 80,000 tonnes. The industry calculates that it should be possible to recover a further 150,000-200,000 tonnes a year.

A fairly large number of companies with plant for sorting and baling are already engaged in the waste recovery field with about ten of the bigger ones functioning as wholesalers, selling waste paper to both Swedish and foreign mills. Smaller quantities are collected by charitable organisations and sports associations.

## Doubled

The total consumption of waste paper in Sweden is expected to be more than doubled between 1974 and 1980 from 345,000 tonnes to about 800,000 tonnes. The board manufacturers will continue to expand their use of waste corrugated fibreboard and solid board, but there is less to be gained in this field, since between 55 and 60 per cent of the consumption of fibreboard and solid boxes is already collected.

Both the Government and the mills are confident that the public will obey the law and that household refuse will be properly sorted before collection. An earlier pilot project in the town of Örebro, in which householders were asked voluntarily to sort into three categories: paper, glass and metal, saw off to a flying start and faded recovery merely ex-nomoply. It stipulated, that the local er, that the local collecting firms, paper mills, while welcoming

UTILISATION OF WASTE PAPER IN SWEDISH PAPER AND BOARD PRODUCTION			
	1975	1974	tonnes
Waste corrugated fibreboard and solid board	142,000	159,000	
Newspapers and periodicals	30,000	30,000	
Other qualities	82,000	97,000	
Total	315,000	346,000	

Source: Swedish Pulp and Paper Association.

the new Act, to underline that they must be assured of a continuous and reliable supply of waste if they are to invest in the de-inking and other re-treatment equipment needed. They have pointed out that the local authorities or their appointed agents should not start collecting from households until they have reached long-term agreement with the mills. Such agreements inevitably raise the question of the price to be paid for waste paper. The mills accept that the price must be related to that of virgin pulp and more stable than has been the case on the Continent and in Britain. The current price for newspaper and periodical waste free mill averages Kr.275 (£34) a tonne, which is roughly in balance with the cost of virgin pulp.

The mills are anxious to avoid the kind of stockpiling and consequent pressure on working capital which British paper-makers have experienced during the past year or so. The common practice in Swedish mills is to keep raw material stocks equivalent to about six weeks' production, and they believe the same practice should apply to waste paper.

Most mill managers planning production based on waste feel that the new Act will offer them a more secure supply than the free market system operating elsewhere in Europe. The mills are already planning to co-operate in a transport system from the waste collection centres. As with timber transport this will take the form not of a joint organisation but of a joint arrangement country-wide arrangements

which is a joint venture between SCA and the American St. Regis company, started to use corrugated fibreboard cartons and waste from the corrugated fibreboard industry.

Holmens has invested Kr15m. (£1.9m.) in the first stage of its de-inking and recovery plant, which will take 40,000 tonnes a year of newspaper and periodical waste. A further Kr15m. will be invested in a second stage to double intake, allowing some 12 per cent of Holmens' total newsprint production to be based on recovered materials. Stora Kopparberg has invested about Kr14m. in the recovery plant at its Kvarnsveden mill to give an initial capacity of 25,000 tonnes recycled newsprint, which will eventually be increased to about 100,000 tonnes a year.

Holmens calculates that the cost of collecting the waste and taking it to the baling station is about Kr100 a tonne. Sorting and baling costs roughly another Kr100 a tonne, and the investment in the baling and sorting equipment would bring costs to Kr220-230, leaving a relatively meagre profit for the collector from the average free mill price of Kr275 a tonne. However, the present collecting system allows a lot of room for rationalisation, which will be more easily achieved when the waste recovery Act is applied and each collecting authority or firm holds a monopoly in a given area.

Holmens is one of the companies which have sounded out European paper-makers about co-operating in the waste paper field. It has been suggested that Sweden could import some 200,000 tonnes a year from Europe in the 1980s. The argument for co-operation (which tallies with the theory of division of labour and products in a free trade area) is that the European paper industries, including the British, are already using a very high proportion of waste. After being recycled two to three times paper produced in this way needs to have virgin pulp added. There should thus be an advantage for the Europeans if the Swedish mills took over their over-recycled material for mixing with virgin pulp.

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ground, ENERGIKONSULT emerged in 1895 to serve industry and help Sweden conserve her resources. From those early days, we have grown into a team of 650 engineers and have accumulated a wealth of experience.

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## Export problems

ISH pulp and paper export policy towards the EEC, is to delivery and price is essential for planning and de-

of its own and the mills. Few Swedish ads would quarrel statement and one cutive after another not the competitive be free market — ey are jealously but the need for with the con-British producers. site attitude is use of strong criticism from some of can customers. In small European depend on supplies pulp. At the same vedish paper com-remerselves to be un-discriminated against. C Commission and muncil of Ministers, year to freeze all ee ceilings on paper and board l.

was unhappy for and paper exports falling by roughly the 1974 peak to bn. (£1.45bn.), but mpensations which l for the future. pulp declined by i in volume but by er 5 per cent, in and board exports hand dropped by er cent, in value per cent, in value reflect the success ompaines' efforts to a price of pulp slump in demand rt quarter of the

and policy played n this success. The o reduce for stock to come down in demand from ink. It worked be Nordic producers mon front against ris to divide them se the Swedish them would be abolished over a s from their good ts and from govern-support measures. of luck came with products with the exception of the Canadian mills, newsprint. If the ceiling is ex- for Europe, and full-tarif of 12 per cent on the rate in the second rear, which brought ican prices mare in the Swedish. The very in demand d per industry, which

is consequently taking more Canadian pulp, has also favoured the Swedes' policy and strengthened their chances of getting through 1976 without a price cut

The Swedish mills are the biggest suppliers of market pulp to the EEC paper industry. Their policy hurts the small, non-integrated producer, whose selling prices have tumbled and who may not have the cash resources of the larger companies to tide him over the recession.

It can be argued that the Swedes' tough price line is promoting the restructuring of the European paper industry which was fore-shadowed by the EEC Commission, when it signed the free trade agreement with Sweden, and that it is merely hastening the step towards larger, more efficient mills, which the European paper-makers must take, if they are to remain competitive. Swedish paper men tend to get impatient about the slowness with which the Europeans are tackling the fragmentation of their industry among too many unprofitable units.

Nevertheless, the European paper makers have not been amused by the joke that it would pay to buy up paper on the continent, cook it and re-sell it as pulp. For much of last year the relationship between pulp and paper prices was awry and Louis de Meuse, managing director of the Belgian paper company, Interimil, complained to Swedish journalists that, at the same time as the Swedish mills kept pulp prices high, they cut prices in the fall of paper prices. He commented ironically about reports that the Swedish companies were contemplating investing in new paper machines. Mr. E. Ten Duis, President of the Dutch KNP concern, warned that the EEC would protect its paper industry and noted that the freezing of the quota ceilings on paper imports from Sweden could be only the harbinger of further counter-measures.

The EEC/Swedish free trade agreement, listing paper and board as sensitive products, stipulated that EEC tariffs on these would be abolished over a transitional period of 11 years, from their good 15 and from govern-

would not get the full 5 per cent rise on all qualities. However, just previously Sweden had imposed restrictions on shoe imports on the grounds that the remainder of its domestic shoe exports declining by only 1.5 per cent to 851,000 tonnes. A industry had to be preserved for reasons of defence. The EEC Commission took the opportunity to retaliate by freezing all the ceilings on paper imports from Sweden at their 1975 levels, while raising most of those on imports from Finland and Norway.

The practical effect will be marginal since few Swedish paper products are likely to break through the ceilings this year, but the Swedes are worried that they will not recover the 5 per cent quota increase they lost this year and will suffer discrimination in 1977 and later years, when the ceilings may well be pierced. Mr. Carl Lidbom, the Minister of Trade, is due to have talks in Brussels towards the end of May or beginning of June, during which the Swedes hope to have the matter cleared up. Mr. Lidbom's visit may well be the occasion for some serious discussion about future relations between the Swedish and EEC pulp and paper industries.

## Different

The situation for Swedish exports to Britain is slightly different. Before Britain joined the EEC imports from Sweden were free of tariffs under the provisions of EFTA. Tariffs for paper and board were re-introduced on January 1, 1974 after Britain had become a member of the EEC. The tariff rate will rise from 3 to 8 per cent on July 1, 1977, after which it will be reduced in line with the schedule for the other EEC countries. Britain (and Denmark) can, however, import paper duty free from Sweden within agreed quotas, which also rise by 5 per cent a year. Some of these quotas were exceeded in 1975, which the Swedes read as proof that the quota system is inadequate. In a letter of intent in 1972 Britain limited its obligation to apply the duty-free quotas and last year, after a request from the British paper industry that the quotas should not be increased at all in 1976, the British Government agreed to raise them for only a few products. Talks should have started last year on a revision of the British letter of intent but were postponed until this year.

Swedish paper exports to Britain dropped by 35 per cent last year, about the heaviest decline among the EEC countries, which together took 2.1m. tonnes of Sweden's total paper

and board exports of 2.7m. tonnes. Newsprint, another of the Swedish mills' bulk products, did best among the paper qualities with total exports declining by only 1.5 per cent to 851,000 tonnes. A minor slump in the autumn kept the total down and deliveries during the first two months of this year were 27 per cent down on the amount delivered during January and February, 1975, but the mills' report an improvement in orders.

They are not, however, satisfied with prices, although they have more than doubled over the past two years. On May 1 the Swedes, together with other Nordic suppliers, are raising the price of newsprint on the British market from £173 to £188 per tonne of 50 gr. paper, an increase motivated by the fall in the value of sterling and rising costs at the mills. Suppliers are already talking about further increases this year.

In some other qualities there have been faint stirrings in demand during the first three months of this year without any really significant increases to motivate the price rises. The Swedes are eager to make an order to recapture ground lost last year. In 1975 fine paper prices dropped by as much as 30 per cent, with a 45 per cent fall in export deliveries. Kraft paper, another bulk Swedish product, declined 37 per cent in volume and some 15 per cent in price. As late as December the Nordic suppliers were forced to drop Kraftliner prices by 12-15 per cent, after a surprise reduction by the Americans.

A survey carried out by the Swedish Central Statistical Bureau in February indicated that the Swedish mills anticipate a 22 per cent increase in the value of pulp exports this year and a 24 per cent increase in paper and board, to give a total export value of Kr14.4bn. (£1.8bn.) against Kr11.7bn. in 1975. In each case the real recovery is expected to come in the second half of the year.

Stocks of pulp at the end of 1975 were 1.15m. tonnes and have grown somewhat since. The mills do not anticipate any significant fall in the stocks this year and affirm their intention of carrying the bulk over into 1977. Production should be well below full capacity but high enough to account for the 22 per cent rise in export value without a price increase. In the paper and board qualities, on the other hand, higher prices are expected to account for a larger proportion of the increase in export income.

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**TRUSTS—Continued**[illegible]

Stock	Price	+	-	Dr	Net
Bank of India	50			53.62	
Bank of Bengal	58 1/2			58 1/2	
Bank of Calcutta	50			3.79	
Bank of Commerce	52 1/2			3.61	
Bank of India	130			1.34	
Bank of Bengal	48			1.54	
Bank of Calcutta	110 1/2			1.20	
Bank of Commerce	96			1.34	
Bank of India	136			1.4	
Bank of Bengal	54			0.9	
Bank of Calcutta	90 1/2			0.62	
Bank of Commerce	47 1/2			0.55	
Bank of India	60 1/2			0.5	
Bank of Bengal	152			3.5	
Bank of Calcutta	67 1/2			1.5	
Bank of Commerce	122 1/2			5.36	
Bank of India	59 1/2			1.05	
Bank of Bengal	20			2.6	
Finance, Land, etc.					
Bank of India	60			12.5	
Bank of Bengal	22 1/2			0.07	
Bank of Calcutta	220			1.05	
Bank of Commerce	108			0.12	
Bank of India	20			16.13	
Bank of Bengal	186			10.73	
Bank of Calcutta	21			1.96	
Bank of Commerce	25			1.07	
Bank of India	5			0.95	
Bank of Bengal	24			11.36	
Bank of Calcutta	162			0.07	
Bank of Commerce	175 1/2			10.77	
Bank of India	38 1/2			0.35	
Bank of Bengal	22			1.34	
Bank of Calcutta	102 1/2			1.59	
Bank of Commerce	30			0.68	
Bank of India	50 1/2			0.65	
Bank of Bengal	23			1.55	
Bank of Calcutta	75			5.94	
Bank of Commerce	13			1.12	
Bank of India	13			1.3	
Bank of Bengal	42			4.21	
Bank of Calcutta	160			3.0	
Bank of Commerce	137			15.09	
Bank of India	46 1/2			0.56	
Bank of Bengal	115 1/2			2.45	
Bank of Calcutta	113 1/2			4.0	
Bank of Commerce	22 1/2			0.24	
Bank of India	22			1.1	
Bank of Bengal	102 1/2			1.59	
Bank of Calcutta	30			0.68	
Bank of Commerce	50 1/2			0.65	
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Bank of Calcutta	137			15.09	
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Bank of Bengal	113 1/2			4.0	
Bank of Calcutta	22 1/2			0.24	
Bank of Commerce	22			1.1	
Bank of India	102 1/2			1.59	
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Bank of Commerce	46 1/2			0.56	
Bank of India	115 1/2			2.45	
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Bank of Calcutta	22 1/2			0.24	
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## Cod war settlement appears near

BY MALCOLM RUTHERFORD

A SETTLEMENT of the six-month cod war between Britain and Iceland is believed to be in sight, after mediation efforts by Norway and West Germany.

Mr. Roy Hattersley, Minister of State at the Foreign Office, is in Oslo discussing the matter with the Norwegians.

Although diplomatic sources are still declining to comment in any detail, this is largely because they fear that public statements at this stage could inflame Icelandic public opinion again.

There have been two main developments which suggest that a settlement could be near. One is that, until last night's attempted warping, there had been no incidents between British ships and Icelandic coastguard vessels for more than two weeks. Indeed, when two British trawlers collided, the Icelanders offered help.

This is in spite of the recent British move to new waters off the east coast, where the catch has significantly improved, though it remains within Britain's self-imposed limit of 85,000 tonnes of cod a year.

The Foreign Office had no comment on last night's incident. In terms of Icelandic politics, one explanation could be that the incidents were inspired by Icelanders opposed



Mr. Hattersley in Oslo

to a settlement. The Icelandic Cabinet is meeting today to discuss the whole cod war question.

The second — and perhaps more significant — development is that Iceland has given no indications that it will terminate its agreement with West Germany, despite the fact that it would be free to do so next week.

The German agreement was signed six months ago, but contained a clause saying that it could be ended on April 28 if Protocol 6 of the 1972 EEC-Iceland Free Trade Agreement had still not entered into force.

Protocol 6 contains tariffs on European Community imports of Icelandic fish and fish products which are at present being levied at rates of between 2 and 18 per cent. It can go into force only when Iceland is not in dispute with any member of the Community.

The fact that Iceland does not appear ready to terminate the German agreement suggests that it is keen to have Protocol 6 implemented. This in turn depends on a settlement with Britain.

Britain and West Germany have been working closely together in recent weeks to put this point across. It is also likely that the British Government has let it be known that it would be prepared to accept a much more modest agreement than it had previously pressed for.

### Offer withdrawn

The agreement which expired last November was for an annual British catch of 130,000 tonnes. In negotiations on a new agreement Britain lowered its demand to less than 100,000 tonnes, but the Icelanders never went above 65,000 tonnes — and even that offer was subsequently withdrawn.

The question could now be settled by not naming any specific tonnage figure and Britain may well accept an agreement that runs only until the end of this year. By that time the outcome of the Law of the Sea Conference in a general move to 200-mile limits should be clear.

Mr. Hattersley is unlikely to make any statement when he returns from his talks in Oslo today but will probably make some public statement on or before April 28.

## Strike by craftsmen halts Ebbw Vale tinsplate works

BY IAN HARGREAVES, LABOUR STAFF

A STRIKE by about 900 craftsmen has halted production at the British Steel Corporation's tinsplate plant at Ebbw Vale, South Wales.

The men, all members of the Amalgamated Union of Engineering Workers, stopped work on Tuesday afternoon. It has taken two days for the withdrawal of their vital maintenance service to bring production to a standstill.

The plant produces almost one-third of Britain's tinsplate and has a labour force of 6,700. Lay-offs are expected to start at the week-end if a mass meeting of the strikers, called for to-morrow morning, does not agree on a return to work.

A spokesman for the strikers said last night that the corporation had refused to pay them for

a night shift on Easter Monday. A foreman had failed to turn up to supervise the shift and management was unable to find a replacement.

But the corporation blamed the dispute on disagreement at plant level over implementing economies agreed in January with the TUC Steel Industry Consultative Committee.

In a statement it claimed that on Easter Monday the men refused to work to instructions left for them or under the supervision of an engineer called in later to take charge. They were told that if they did not work, they would not be paid.

BSC says that economies on overtime and manning levels, in the process of implementation at Ebbw Vale over a two-year period, have had only a minimal impact on the strikers. Production workers have borne the

brunt of the cuts but, says the corporation, resistance has been confined to the AUEW men now on strike.

The 900 men have agreed to provide safety cover during the strike.

January's agreement between the BSC and the steel unions, was the third attempt at a compromise on manning levels, within a year. Although details of the cuts were left for negotiation at plant level, BSC was aiming to reduce the workforce by 40,000 over the next two years.

One major concession by the unions was to accept that premium week-end shifts, which employees operate as part of their basic 40-hour week, be worked only if justified by the order book. But again, implementation was to be agreed at plant level.

It appears that the dissatisfaction of the AUEW men at Ebbw

Vale stems from loss of earnings on week-end premiums of this kind. Some men in South Wales have lost as much as £10 a week because of the cuts.

The trouble could also have been stimulated by news of the corporation's continued economic improvement. At the time of the January agreement, BSC was losing £8.4m. a week, but the weekly loss has now been trimmed back to £2m.

The corporation maintains that the economies of manpower must be made permanent if the improvement is to continue, but unrest over reduced earnings at Ebbw Vale can hardly have been caused by these figures.

The greatest fear at BSC is that the unofficial action of the 900 AUEW men may trigger disputes elsewhere. So far the economies have met with little or no resistance.

## Peace formula in Mini lorry drivers' dispute

BY PETER CARTWRIGHT

A FORMULA for a return to work by the 32 Rubery Owen lorry drivers, whose strike has halted Mini production at British Leyland and made 3,000 cars idle there and at Jaguar, will be put to the strikers this morning.

The formula was devised at a three-hour meeting yesterday between management and shop stewards arranged after Mr. Brian Mathers, regional secretary of the Transport and General Workers' Union, had intervened to urge the drivers to go back.

He said: "We are extremely conscious that the dispute is affecting many thousands of our members in the motor industry, and of how precarious British Leyland's situation is."

The lay-offs started this week as Leyland's cars began to be produced from a series of internal pay strikes, mainly by toolmakers, which cost the division more than 17,000 cars worth £20m. in the showroom. And the last dispute — a go-slow at the Triumph car plant at Coventry — ended yesterday.

Rubery Owen's factory at Darlington is a key supplier of components, including subframes, axles and petrol tanks, for a number of Leyland Car factories.

Some of the drivers were laid

off last week for two days because there was insufficient work for all of them as a result of a production overtime ban. They refused to accept the lay-offs and this week went on strike.

A decision by the drivers today to end their strike would almost certainly prevent lay-offs from rising well beyond the 3,000 cars affected yesterday. Rubery Owen is the sole supplier of subframes for the Mini, all production of which stopped yesterday at the Longbridge, Birmingham, plant, with 1,000 now idle.

At Jaguar Cars, Coventry, 2,000 cars are laid off, mainly on the trim lines, because of a shortage of front axle beams from Darlington. Final assembly lines, however, are still operating.

The 6,000 Triumph men, whose go-slow over a pay dispute in the past ten days has reduced production by a third, resumed normal working yesterday.

A secret ballot showed a majority of more than two to one — 3,889-1,538 — in favour of the go-slow, and discussions with management began immediately.

Their action was a protest against the inability of management to honour a pledge to bring forward a pay review by three months to April 1 if production was increased by 10 per cent. The Department of Ex-

penditure twice refused to allow a pay increase because it would have breached the pay regulations, which rule out more than one increase in 12 months.

The Triumph workers now want the company to include the extra to which they would have been entitled — which includes the go-slow period during which pay for more than 4,000 was suspended — in the next pay review in July.

But with the prospect of an extension of an incomes policy, an acceptable formula is likely to be difficult to find. The matter has been shelved rather than solved.

The workers are also asking for revisions in supervision, which they claim is too heavy. They point out that they continued production perfectly well without foremen or other supervision.

Despite the return to full production at Triumph, a shortage of engines stopped production of the Midland sports car at the Abingdon, Cowley, plant. About 130 assembly workers were laid off.

But MGB sports car production at Abingdon was back to normal yesterday after 300 workers had been laid off on Wednesday following a shortage of transmission shafts caused by the recent strike in the steel industry at Drews Lane, in Birmingham.

## Volkswagen may approve U.S. plant to-day

By Guy Hawtin

FRANKFURT, April 22. VOLKSWAGEN'S supervisory Board is expected to-morrow to approve plans to set up a car manufacturing plant in the U.S. This is seen as the only way in which the concern can regain its rapidly declining share of the vital U.S. motor market.

A decision on this has been delayed for more than a year. But a spokesman for the largest West German car maker said to-day that the supervisory Board was "almost 100 per cent. certain" to approve the plan at to-morrow's meeting.

### Performance

Prompting the Board's decision are the latest Volkswagen U.S. performance figures. Sales of 50,235 in the first quarter of 1976 were 41.4 per cent. down on the 85,339 vehicles in the opening three months of 1975.

Audi sales dropped 40.9 per cent. during the same period from 13,560 vehicles to 8,019.

The fall comes at a time when overall car sales in the U.S. are rising fast to meet a surge in demand. Output in the U.S. rose 13.8 per cent. in the first quarter compared with the same period of 1975. Volkswagen's U.S. sales dropped 22.2 per cent. to 462,000 in 1975 and this followed a heavy fall the previous year.

Trade union opposition to the plan was a prime cause for the supervisory Board's delay in reaching a decision. Herr Eugen Loderer, chief of the I. G. Metall, metal workers' trade union, is deputy chairman of the VW supervisory Board. Trade unionists fear that jobs will be lost as a result of opening up in the U.S.

### Labour costs

The arguments against the U.S. plant have become increasingly untenable as high West German labour costs, and the rising value of the Deutsche Mark, have eroded the company's competitiveness in the face of massive Japanese attack on its market share.

The Rabbit — the U.S. version of VW's Golf — has failed to hold its own despite prices substantially below the West German levels.

Stewart Fleming writes from New York: Volkswagen is believed to be studying some five sites in leading industrial cities of the U.S. as possible locations for a new plant.

Several U.S. cities and companies are anxiously awaiting the response of the Volkswagen Board meeting.

It is believed the company will need a factory of about 1m. square feet and that even on optimistic assumptions it will be over two years before production could begin.

VW is understood to be examining a number of existing factories which are available, including a partially completed Chrysler assembly plant at New Stanton, Pennsylvania.

A Western Electric plant at Buffalo, New York, and sites in Cleveland, Baltimore, Detroit and Norfolk, Virginia.

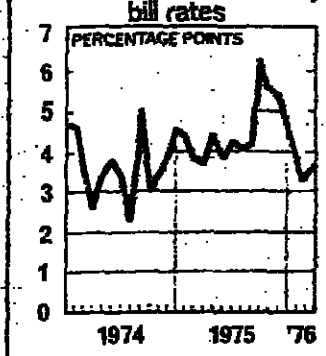
The migration of a German miracle Page 22

## Radical change in direction

THE LEX COLUMN

Index fell 14.4 to 405.2

Differential between US and UK 3-month Treasury bill rates



Less than two months ago, MLR was allowed to fall at a time when sterling was on the skids, and interest rate differentials between the U.K. and the U.S. have actually widened a little since then. So yesterday afternoon's announcement — which was made in a very unusual way — marked a radical change of direction by the authorities and took the money market completely by surprise. The 30 Share Index, which was already looking gloomy, fell a further 71 points after 3 p.m., and in the gilt edged market a fall of over 34 points in the short part within the space of a few hours is something for the record books.

A rise of a point in MLR today would not necessarily trigger an immediate rise in base rates, and the betting in the money market last night was on an increase of that order. And it may be argued that it is the gesture that counts in the current climate, rather than the precise degree of any change. But if interest rates are again to be considered as a weapon in defence of sterling, then no-one is going to stick out his neck about the short-term trends in the gilt edged market.

### Lucas

A one for three rights issue underwritten at a discount of just 18 per cent. on the previous night's closing price would have represented quite a mouthful under any circumstances — and yesterday it was enough to knock Lucas down 18p to 212p. But although the forecast profits jump from £32.3m. to not less than £46m. had already been well discounted, the yield basis has been transformed by an increase of two-fifths in the annual dividend rate. And this advance is partly explained by the doubling in engineering profits with armaments, bottling, design and the overseas interests all strong. Demand for lithographic plates also picked up towards the end of the year and BAC's sales were strong in this period so its contribution to associate profits rose £5m. to £15m. over the year. However, shipbuilding profits are, as expected, £1.1m. down at £5.2m. and as at Hawker Siddley, the nationalisation candidates are contributing a smaller proportion of profits than in 1974, though they are still earning over half the pre-tax total. Profits here are re-taxed to sustainable and Vickers is also looking for advances elsewhere (apart from heavy engineering)

Of course Lucas last had a big rights issue only four years ago, and the issue price has not been seen since. But the group has changed radically in that period both in terms of sales — which on the Continent have more than trebled to over £130m. — and of profits.

Corrections. After all this year's net cash flow of well over £40m. will substantially cover fixed asset replacement and debt should be held at around a third of capital employed. But fixed asset spending is going to be significantly higher in 1976-77, which is also when the pay-off from the big expansion into diesel engine equipment should start to appear. So far, by contrast, the profits improvement seems to be coming largely from a turn-

round in the traditional, low return areas like electrical equipment, together with aircraft and industrial products: these were really what pushed U.K. profits up by over half in the first six months.

Of course Lucas last had a big rights issue only four years ago, and the issue price has not been seen since. But the group has changed radically in that period both in terms of sales — which on the Continent have more than trebled to over £130m. — and of profits.

### Vickers

Vickers' full-year profits are set again well ahead of expectation — £8.3m. up at £34.2m. pre-tax — and the group is confident about trading prospects in most areas this year. So even yesterday the shares were able to rise 1p to 192p. The extent of the advance is partly explained by the doubling in engineering profits with armaments, bottling, design and the overseas interests all strong. Demand for lithographic plates also picked up towards the end of the year and BAC's sales were strong in this period so its contribution to associate profits rose £5m. to £15m. over the year. However, shipbuilding profits are, as expected, £1.1m. down at £5.2m. and as at Hawker Siddley, the nationalisation candidates are contributing a smaller proportion of profits than in 1974, though they are still earning over half the pre-tax total. Profits here are re-taxed to sustainable and Vickers is also looking for advances elsewhere (apart from heavy engineering)

particularly in office equipment. The group is nearer known receive computer much, but in balance sheet provided by the £15m. ten-year Finance for the 'overdraft' during the year heavy after cap £15m. included acquisitions, and for working sequentially, to rose by about during 1975 with over £1 holders' funds recently managed nationalisation with a rise of this year, though of £51m. only partly rec interest profit building and risen from £1. the last comp comfortably

Cadbury's £58.6m. pre-tax £23.5m. prev in 1973. For predicts a profits which ings of around the basis of 15 per cent. capital that is earnings stand a reduction o rear-end borro to rising worl surpluses. After all issue brought capital spendi nearly £15m.

Last year's badly dented sales, and an trend must with sales from July Cadbury's margins most direction. At has been led the hot sunne hold products year. Austr nearly, Europ closure costs a writeoffs in while elsewhere bury reckons t generally. I group is leavi until the full the shares ye 7.3 per cent.

## Talks open on multinationals

BY OUR DUBLIN CORRESPONDENT

MEMBERS of the European Parliament and U.S. Congressmen opened talks in Dublin yesterday on a draft set of rules covering relationships between multinational companies and Governments.

One proposal in the draft code is that Governments should adopt strong penalties to deal with "pernicious political activities" involving multinational companies. The draft said multinationals should not make unlawful payments to political parties or candidates, nor make, or be solicited to make, payments to Government officials of host countries "other than for manifest public purposes."

The decision to establish a set of principles for the multinationals follows admissions by Lockheed, Gulf, Shell-BP and other companies that they made irregular payments to politicians.

The two delegations, 20 from

the European Parliament and 18 from the U.S. Congress, were unable to complete their discussions on the principles in the two hours allotted and agreed to consider further recommendations on them when they meet in Washington later this year.

The control of multinationals activities is under consideration by the EEC Commission. The code discussed in private to-day was drafted by a West German Social Democrat member of the European Parliament, Herr Erwin Lange, and a U.S. Democratic Congressman, Mr. Sam Gibbons.

In its introduction the code says "internationalisation of production" is a positive phenomenon and contributes to economic growth and increasing prosperity. "Nevertheless the organisation of operations beyond national borders by multinational enterprises may lead to undesirable concentration of

economic power and to conflicts with national policy objectives."

As it was normal for companies to carry on activities internationally, so it was normal and necessary for an international framework to be set up obliging firms to respect certain basic rules, which at the same time offering them necessary legal security.

The draft said economic integration, as embodied in multinational enterprises, had stolen a march on politics, for which in most cases the national frontiers remained the relevant framework. "Although the far-going economic interdependence can be a useful stimulus towards political stimulation, it is nevertheless essential in international relations too for public policies to take precedence over economic considerations."

That is the framework in which the multinational enterprise operates must be under political control.

## Healey hopeful of wage deal

BY ROY ROGERS, LABOUR CORRESPONDENT

CONFIDENCE THAT wage policy talks between the Government and the TUC will result in agreement "in the coming weeks" was expressed yesterday by Mr. Denis Healey, the Chancellor of the Exchequer.

Addressing the second European Trades Union Conference meeting in London on the eve of a further round of delicate negotiations with TUC leaders, Mr. Healey praised the TUC for agreeing and abiding by the present £5 policy which he declared had "saved Britain from economic catastrophe."

The Chancellor said he did not believe that the trade unions

were determined to throw away the gains they had won through so much sacrifice. "In the coming weeks we shall see last year's agreement renewed in a form which will enable us to bring down the rate of inflation still further in the coming year," he added.

To-day the Chancellor is due to have a further session of talks with the TUC negotiating team who have already made it clear to Mr. Healey that his Budget offer of £5m. of tax concessions if the unions agree to a 3 per cent. pay norm for the next year is unacceptable.

The TUC team will be seeking

to have the offer improved to around 5 per cent. while maintaining the offered tax relief and bringing in other items such as import controls, unemployment food subsidies and continued pegging of prices.

A keynote speech on pay is expected from the Prime Minister over the weekend in advance of further meetings between TUC leaders and Ministers on Monday. These are expected to lead on to more top level negotiations aimed at producing a package acceptable to a special TUC congress being called for mid-June.

Conference report and picture. Page 13

Continued from Page 1

## Sharp fall in £ forces up MLR

ing even through a day, and has thus generated both a heavy cost in support to finance this movement in the "leads and lags," and generated a persistent stream of small selling orders which have to depress the market. ("Leads and lags" arise when foreign traders with debts in sterling are reluctant to settle, since they hope to buy the currency more cheaply later, while British

traders who have to settle bills in foreign currencies — and British tourists going abroad — buy their requirements in advance. An average shift of two weeks in the timing of such payments could involve a movement of well over £1bn. across the exchanges.)

Against this background any bad news about the U.K. economy — even the industrial

dispute at Rubery Owen has been cited as evidence of renewed trade union militancy generally — has a disproportionate impact, while good news tends to be discounted.

Dealers were generally agreed that the selling pressure yesterday was not large in volume, though it grew through the morning; but the results were dramatic. Sterling opened at

\$1.3775, representing an effective depreciation of 37.1 per cent. and initially rose slightly against a weak dollar to reach a best level of \$1.3895. Once the selling began, however, the fall was precipitous: the low point of \$1.3070 represented a fall of 3.3 per cent. in the morning.

After the Bank of England intervened, the low point was touched 37.9 per cent., closed at 37.4 per cent.

view that the fall in sterling has no economic justification — the pound promptly recovered 50 points, and then rose more slowly at \$1.3280, nearly two cents up from its low point and 1.35 cents down on the day. The effective depreciation, which had touched 37.9 per cent., closed at 37.4 per cent.

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Odgers and Co. are Management Consultants specialising in Executive Recruitment are extending our contacts with young executives of outstanding ability and ambition in the field of finance or marketing/sales.

We would like to hear from executive 26 to 40 who feel that in developing their over the next few years they should not the possibility of a move to a bigger job in company. We are interested particularly in who are happy in their present positions: doing well, but who nevertheless wish to move with the market so that if an outstanding opportunity comes along, they will be in position to learn more about it.

As a first step, please write to Ian Odgers, Managing Director, giving a summary of your experience, qualification and salary. Alternatively, write asking for information about Odgers and Co.

Any approach will be treated in the strictest confidence.

**Odgers**  
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